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Restaurant Business

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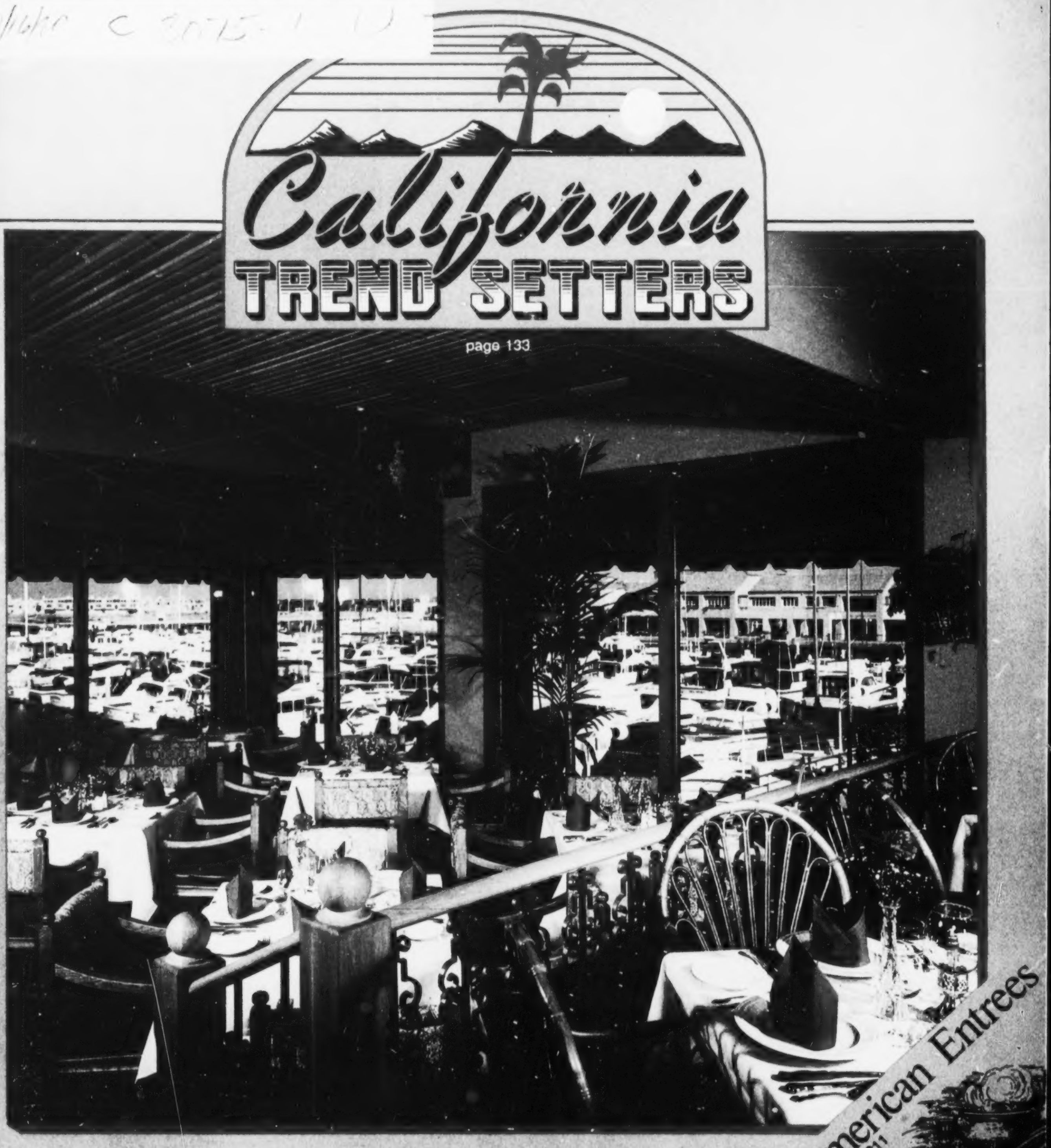


California TREND SETTERS

page 133

American Entrees

page 211

Restaurant
Business

NOVEMBER 1, 1980
VOL. 79, NO. 14

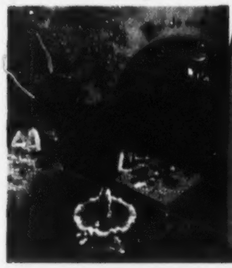
Contents

COVER STORY

The California Trendsetters—The "land of unlimited growth" continues to produce some of the country's most innovative restaurants which are setting the trends for the 80s **133**

MENU IDEAS

American Entrees—Food editor Kathleen Kenny takes a culinary tour of the states and suggests a variety of country casseroles **211**



California
TREND SETTERS

FEATURES

The Science of Target Marketing—An analysis of advertising segmentation and positioning and what makes these marketing techniques such powerful tools for developing business **102**

Television Advertising—Restaurants and fast food chains spent over $310 million on national and local television. Restaurant Business lists the top 15 spenders **114**

Firehouse No. 2—A stylish decor and award-winning menu have helped this 53-year old renovated firehouse remain a local landmark generating over $1 million in sales **118**

Menu Management—Food consultant Carol King continues her series on how to audit your menu and control food costs ... **124**

The Hotel Boom in New York City—Several new hotels have already opened and others are set to make their debut bringing with them a plethora of new restaurants ranging from the casual to the elite **128**

International Expansion—U.S. chains have found a new frontier and are beginning to flood international markets finding them competitive, yet profitable **146**

A Mansion of Fine Dining—A renovated brownstone combining the elegance of an English Regency townhouse and the glamour of a sidewalk cafe have helped David Wolf's stand alone amidst dozens of other restaurants that line New York's 56th St. **148**

Franchise Fraud—The second part of our investigative report presents four detailed cases of fraud charges against: Wild Bill's, Hot Box Pizza, Pie Tree and Bagel Nosh as well as expert advice on how to fight the problem **152**

DEPARTMENTS

Legal Tips **2**

RB Insights **12**

Editorial **16**

Foodservice Calendar **18**

Up Front **22**

Menu Planners Guide **58**

Restaurant Stirrings **76**

Tax Bite—Surveying the 1980 tax scene **82**

Management Psychology—Curing prime of life alienation **86**

Personal Finance—Impact of inflation on investments **88**

Family-owned Business—The real world of the entrepreneur **90**

Worth Writing For—Publications to help you on the job **96**

Trade Quotes **98**

Management—Making the most of meetings **100**

Buyer's Circle—The latest in foodservice equipment **194**

Drafts, Carafes & Spirits—Some like it hot **203**

Bar Management Guide—New spirits, mixers and bar equipment **206**

Design Marketplace **219**

Raising Your Equipment I.Q.—The versatile tilting skillet **220**

Classified **246**

Cover Design by Joan Dworkin

Circle No. 12 →

Television Advertising

Fast food chains spend most $

Restaurants and fast food chains spent almost twice as much money on both local and network advertising than all other retail categories in 1979. This information was recently made available in the Broadcast Advisor Reports (BAR) prepared by the Television Bureau of Advertising.

Locally, restaurants spent a total of $310 million in "ads and jingles" compared to $159 spent by its closest competitor, food stores and supermarkets. Auto and truck dealers followed with $145 million and department stores spent $140 million.

The $310 million expenditure represents an increase of 19 percent over the $261 million spent in 1978. Restaurants also led network advertising with $142 million.

Food and food products (at-home foods) poured the most money into TV with an investment totalling over $1.3 billion.

McDonald's, the perennial leader in advertising expenditures, topped 1979 with $75 million in local and $62 million in network advertising. This represents a 20 percent increase over 1978. McDonald's total investment of over $137 million pushed the company into the number seven spot in Top 100 television advertisers.

McDonald's nearest competitor is Burger King with total advertising expenditures of $43 million. Burger King's concentration on local markets is reflected in a 41 percent increase in local advertising.

Other companies demonstrating considerable increases in local advertising are Long John Silver's and Jack in the Box registering 119 percent and 106 percent, respectively.

Strong gains locally, were also reported by Red Lobster (ranked fourth and up 64 percent); Taco Bell (ranked 11th and up 71 percent) and Hardee's (ranked 12th and up 64 percent).

Arthur Treacher's, ranked 10th in the Top 15, was the only chain to reduce local advertising and is down 17 percent from 1978.

continued on page 117

Top 15 local television advertisers—1979

	1978	1979	% Chg.
1. **McDonald's**	$ 66,310,500	$ 75,334,300	+14
2. **Burger King**	15,725,900	22,201,800	+41
3. **Kentucky Fried Chicken**	13,735,200	14,322,200	+4
4. **Red Lobster Inns**	7,855,700	12,880,100	+64
5. **Wendy's**	10,448,200	10,834,200	+4
6. **Long John Silver's**	4,791,500	10,499,900	+119
7. **Arby's Drive In**	9,235,300	9,496,400	+3
8. **Sizzler Steak House**	6,307,000	7,863,000	+25
9. **Jack in the Box**	3,694,900	7,606,200	+106
10. **Arthur Treacher's**	9,094,100	7,589,200	−17
11. **Taco Bell**	4,291,100	7,357,300	+71
12. **Hardee's**	4,161,200	6,844,100	+64
13. **Big Boy**	5,177,400	5,745,800	+11
14. **Burger Chef**	4,547,500	5,438,000	+20
15. **Dairy Queen**	4,449,100	5,365,100	+21
Total top 15	$169,833,600	$209,378,500	+23
Total restaurants & fast food chains	$261,066,700	$310,498,100	+19

SOURCE: Television Bureau of Advertising, based on Broadcast Advertisers Reports data.

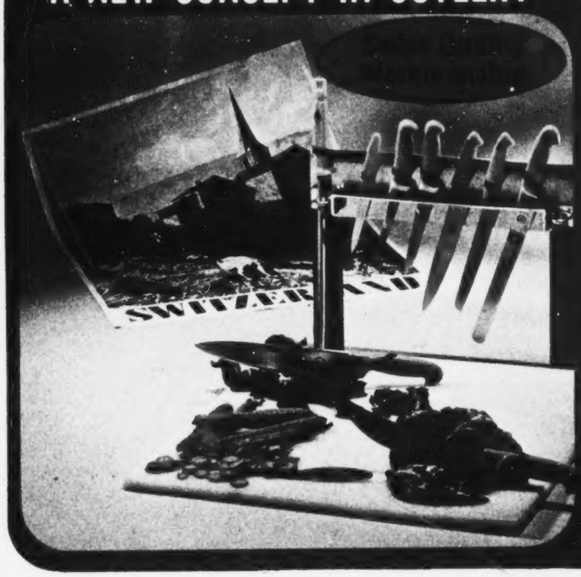
McDonald's, the perennial leader in advertising expenditures, spent over $137 million on TV; over $94 million more than its nearest competitor.

Top 15 television advertisers—1979

	NETWORK	LOCAL	TOTAL TV	'78 vs '79 % Chg.
1. **McDonald's**	$62,456,300	$75,334,300	$137,790,600	+20
2. **Burger King**	21,403,200	22,201,800	43,605,000	+21
3. **Kentucky Fried Chicken**	17,233,700	14,322,200	31,555,900	+11
4. **Wendy's**	8,866,200	10,834,200	19,700,400	+4
5. **Pizza Hut**	10,363,800	3,510,100	13,873,900	+3
6. **Red Lobster Inns**	177,800	12,880,100	13,057,900	+14
7. **Arby's Drive In**	3,423,500	9,496,400	12,919,900	+40
8. **Long John Silver's**	1,876,000	10,499,900	12,375,900	+82
9. **Sambo's**	7,620,500	866,600	8,487,100	+28
10. **Ponderosa**	3,677,300	4,338,700	8,016,000	-0-
11. **Sizzler Steak House**	—	7,863,900	7,863,900	+25
12. **Jack in the Box**	—	7,606,200	7,606,200	+106
13. **Arthur Treacher's**	—	7,589,200	7,589,200	−17
14. **Taco Bell**	—	7,357,300	7,357,300	+71
15. **Hardee's**	—	6,844,100	6,844,100	+64

SOURCE: Television Bureau of Advertising, based on Broadcast Advertisers Reports (BAR) data.

SWIBO
INTEDGE
A NEW CONCEPT IN CUTLERY



THE ORIGINAL SANITARY DESIGNED KNIFE WITH THE YELLOW GENUINE NYLON HANDLE!

EXCLUSIVE SWIBO FEATURES:

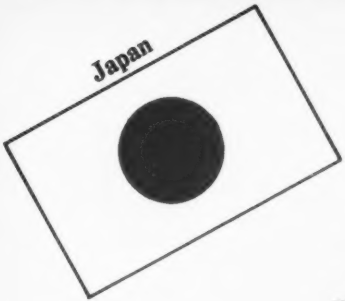
- Super stainless steel blades are made of the finest micro-precision super-stainless steel, with the new "Maxiflex" steel treatment resulting in a superior longer-lasting cutting edge.
- Top quality nylon handles have no rivets, and cannot absolve grease or water.
- Not affected by water of boiling temperature.
- Virtually unbreakable, the handle will not crack or chip.

The sure, non-slip grip which insures less fatigue.

THE FINEST QUALITY AVAILABLE

INTERNATIONAL EDGE TOOL CO.
565 Eagle Rock Avenue, Roseland, N.J. 07068

Circle No. 86 on Reader Service Card

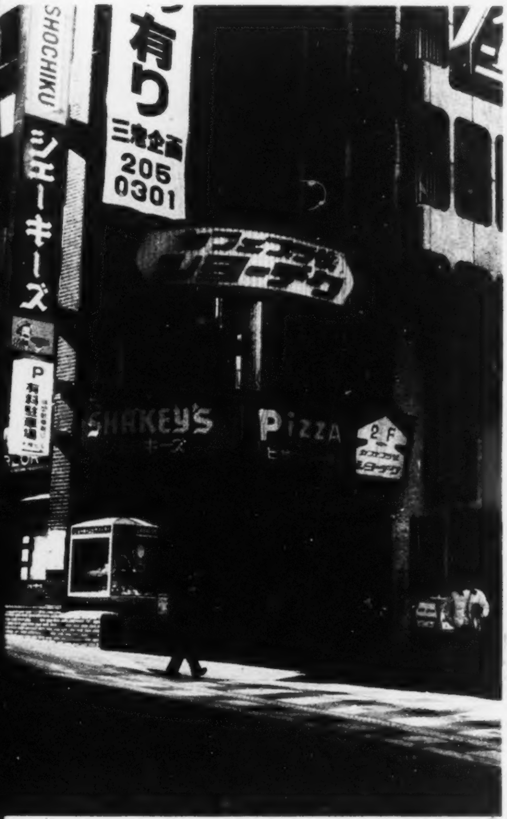


International Expansion

U.S. chains find new frontier

by Carol Lynn Tiegs

Since 1975, the rate of foreign expansion has exceeded that of domestic growth. During 1980, an estimated 100 companies planned to expand into international markets with McDonald's, Pizza Hut and KFC leading the pack.



Shakey's Pizza Parlor in Japan has added squid to its menu.

The trickle of American foodservice companies expanding their operations internationally during the 1970s threatens to become a flood in the 1980s.

While some industry observers agree with Salomon Brothers' Robert Emerson that the companies which will experience the most international success in the 80s will be the same as did in the 70s—McDonald's, Pizza Hut, and Kentucky Fried Chicken—others concur with Burger Queen senior vice president, Mike Kull, that international expansion offers the medium-sized company a chance to compete favorably with the industry giants in a totally new market area.

Companies are making the decision to expand for a variety of reasons and sometimes the impetus is purely accidental. Arby's, for instance, had targeted three countries for expansion and was approached accidentally by firms in three other areas who heard of their expansion plans. Likewise, Old Spaghetti Factory president, Guss Dussen reports that they went international simply because the opportunity arose.

Taking a more calculated approach, Victoria Station settled first on expansion into Japan because of its strong middle class, adaptability and interest in Western styles, and because it had been tested by other U.S. foodservice companies.

Other companies are conducting careful research and market studies of potential international markets to see if their food concept will be compatible with local tastes.

"The combination of legal constraint and market saturation (particularly in the fast food industry) has stimulated the expansion of franchising into foreign markets," writes Julian E. Jacoby and Lynn McGowan in L&H Perspective (*"Franchising Today: A Whole New Ballgame."*) "Since 1975, the rate of foreign expansion has exceeded that of domestic growth. In 1977, for example, 244 U.S. franchising companies had established more than 14,000 foreign franchises throughout the world. During 1980, nearly 100 additional companies plan to extend their franchise operations into international markets."

Japan and Europe particularly are experiencing an increase in the number of working women. As in the U.S., this is making dining out more of a necessity for many families.

Americans have lagged behind European restaurateurs in realizing that Japan's tax structure makes Japan an excellent market for the foodservice industry, says Takeshi Kohjima, executive vice president, Yoshinoya & Company U.S.A., Inc. One half of one percent of all corporate profit may be allotted towards entertainment under Japanese tax law, so corporate expense accounts are excellent.

However, profitability is the prime motive for any expansion effort. KFC spokesman Peter Egan reports that their foreign operations are "growing generally about two times as fast in dollar sales than in the U.S."

"Sales per store for foreign units of American-based fast food operators are generally well above those in the U.S." according to Salomon Brothers', February 1980 study of "U.S. Fast Food Operators in Foreign Markets."

In the case of Burger King, annual sales per store ranged from $2,100,000 in Britain, to $1,400,000 in West Germany, to $1,100,000 in Canada, to $950,000 in Australia, to $710,000 in the U.S. during 1979.

Currently, with the possible exception of Japan and Canada, American foodservice companies have the advantage of entering countries which are almost virgin territory in terms of penetration by other foodservice chains.

Methods of expansion are as diverse as the reasons. Many companies are following all four expansion means used by McDonald's Corporation: units wholly owned by McDonald's; a joint venture with a local corporate organization; developmental licenses for a number of units in a specified territory; and licensing of a single store to an individual entrepreneur.

Salomon Brothers' Emerson gives the market edge to firms committed to opening a large number of company-operated units abroad. "While profitable in terms of return on investment, licensing does not maximize potential profits in terms of absolute dollars," he explains.

Other companies would argue that the ability to minimize investment risk makes licensing or franchising the better expansion route.

In several countries, including the Philippines, at least a portion of the operation must be owned by a national company making joint ventures or licensing the only route possible.

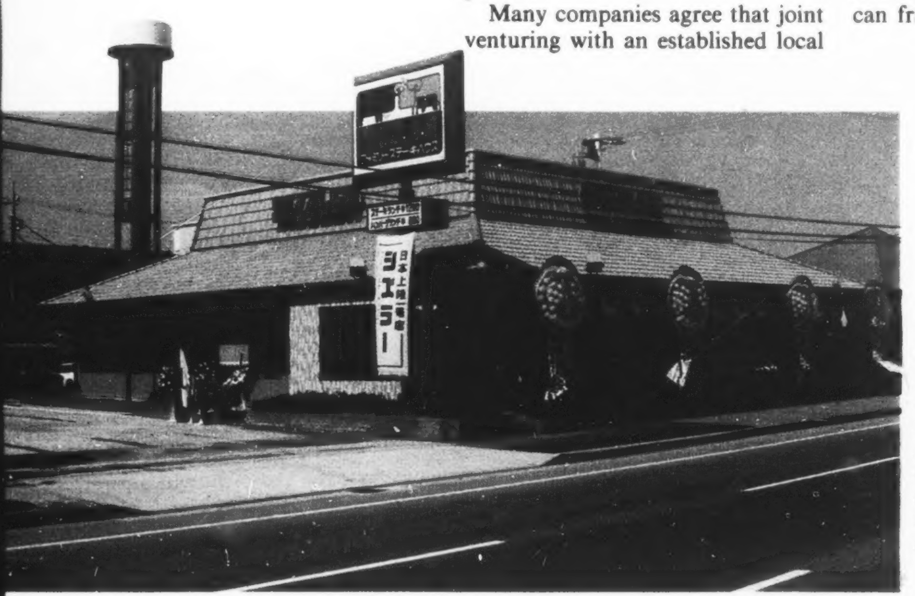
Many companies agree that joint venturing with an established local foodservice corporation can be highly advantageous in terms of knowledge of the market and ability to deal with local customs and regulations. The joint venture route seems especially popular in Japan and the Middle East, and major European foodservice companies are expressing an interest in allying themselves with expanding U.S. firms. This is beginning to create an overlap in franchise operations becoming apparent in the U.S.

Burger Queen, for example, is dealing in Great Britain with Grand Metropolitan, a large conglomerate which recently purchased the Liggett Group, and also owns Berni Inns, the steakhouse chain which recently purchased licensing rights to Wendy's Old Fashioned Hamburgers.

Edouard Catzeflis, president of the European Franchise Federation, warns all companies expanding into foreign markets that they must be prepared to adjust their programs to conform to local customs and laws.

"You must not believe that because a formula, a format has wonderfully succeeded in the U.S.A., that it must be automatically the same in Europe. The examples are numerous . . . of resounding failures . . . in Europe because the American franchisor wanted, stubbornly,

continued on page 184



The first Japanese Sizzler Family Steak House is almost identical to American units. This free-standing unit was built to enhance the Sizzler image and will be the only one because of high real estate costs.

United Kingdom
Int'l Expansion

to impose his exact formula on the European market, refusing to adapt it to the tastes and particularity of the markets in which he wanted to expand," Catzeflis told attendees at the 1980 convention of the International Franchise Association.

Companies expanding internationally are making their major concept modifications in secondary menu items. Arby's, for instance, will not be serving ham sandwiches in its Middle East units. KFC serves "chips" in England, rice and smoked chicken in Japan, peas and rotisserie chicken in Australia.

Wendy's added shrimp cake sandwiches in Japan; Denny's has found pizza to be very popular with the Japanese; and A & W is offering a breakfast menu in its Japanese units.

Many firms are adding dessert items they don't offer in the U.S. Burger King, for example, will offer custards in Spain, a strudel in Germany, and after dinner coffee in France. And nearly everyone is adding beer and wine to the menu in Europe.

Modifications in building design are also prevelant. In Europe, companies must remodel buildings hundreds of years old to suit their purposes. Free-standing restaurants are rare there, and also in Japan where real estate and land costs are extremely high.

Old Spaghetti Factory restaurants in Japan will average 250 seats, compared with 350 in the U.S. due to difficulty in locating sites.

The first of Collins Foods International's Japanese Sizzler Family Steak Houses was free-standing as an image builder, but the rest won't be because of high real estate costs, reports vice president David Gaon.

Hardee's has developed a smaller, more compact unit in response to Japanese land costs. The customer service area is on one level, and seating on another. Systems have been adjusted so a complete menu can still be offered. The company is looking at more in-store locations, says Gene Arnold, senior vice president for development.

Both Hardee's and A & W report that drive-ins are popular in the Middle Eastern countries, which of course, are not overly concerned with an energy crisis.

Shifting, drifting sands are a problem in building in the Middle East . . . how do you keep the sand out of the store?

Shakey's, which added chorizo in Mexican units, vegetarian pizza in the Far East, squid and cuttlefish in Japan, and fried chicken everywhere, is using a wooden lattice in units in the Philippines. They and Denny's are also developing more compact stores.

Lower labor costs, and higher volumes tend to offset higher land and real estate costs, however, says Gaon of Collins Foods.

Denny's has developed new site

continued on page 186

Huckleberry's

Kentucky Fried Chicken

Burger Queen's restaurants in England are known as Huckleberry's, above, in order to avoid insult to the nation's queen. Basically, Huckleberry's offers the same menu as Burger Queen does in the U.S. The Company is planning to change the name of its domestic units because of increased competition and may adopt the Huckleberry's tradename. Left, one of 266 Kentucky Fried Chicken units operating in the United Kingdom.

International Operations of American Chains

AUSTRALIA:
Burger King—22 units; **KFC**—191 units; **McDonald's**—108 units; **Pizza Hut**—96 units.

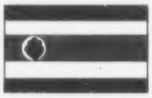
AUSTRIA:
McDonald's—1 unit.

BELGIUM:
McDonald's—3 units; **Wendy's**—1 unit.

BRAZIL:
McDonald's—2 units.

CANADA:
Baskin Robbins—53 units; **Burger King**—49 units; **Burger Queen**—1 unit; **International Dairy Queen**—357 units; **Dunkin' Donut**—20 units; **KFC**—614 units; **McDonald's**—340 units; **Mr. Donut**—48 units; **Pizza Hut**—45 units; **Victoria Station**—4 units; **Wendy's**—50 units. (Also: **Denny's, Shakey's, Swensen's Ice Cream,** and **Bressler's 33 Flavors**.)

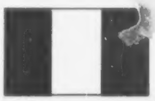
CARIBBEAN:
McDonald's—7 units.



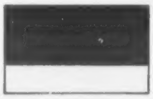
COSTA RICA:
Hardee's—1 units; **McDonald's**—3 units.

EL SALVADOR:
Hardee's—4 units; **McDonald's**—3 units.

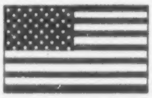
FAR EAST:
McDonald's—18 units. (Also: **A & W, Shakey's**)



FRANCE:
McDonald's—15 units.



WEST GERMANY:
Burger King—18 units; **KFC**—20 units; **McDonald's**—104 units; **Wendy's**—2 units.



GUAM:
Winchell's—2 units. (Also: **Shakey's**)

GUATAMALA:
Hardee's—3 units; **McDonald's**—2 units.

selection criteria, reports director of international administration Peter Grieder, paying more attention to pedestrian traffic and less to auto traffic.

Signage and advertising are other areas where concessions must be made to comply with local laws and customs.

Advertising is government regulated in some countries, points out Egan of KFC/Hueblein. In South Africa, advertising programs must be submitted a year in advance.

Shakey's uses much the same ad strategies abroad as at home. It supplies about 95 percent of the creative elements of advertising, but lets the local operator make layout changes appropriate to the locale or medium.

Kiosks and cinema are two mediums not frequently used in the U.S., but prevelant in foreign advertising.

Several firms have selected international advertising firms familiar with a variety of markets.

Betty Young of Wendy's says that company encountered problems with the legality of its logo. It does not use the "s" on the end of the tradename, since Wendy's was too much like the names of other companies.

Burger Queen operates under the Huckleberry's tradename in England to avoid insult to that nation's queen.

Among other problems encountered in international operations, cost and availability of supplies is a major concern.

Victoria Station says it will pay two to two and one-half times as much for beef for its Japanese restaurants, and menu prices will be affected accordingly.

Burger Queen must import about 85 percent of the food items for its Middle Eastern operations, down to the milk shake base, because there is no fresh milk. Wendy's is also shipping many products and equipment items from the U.S.

Remember that many parts of the world operate on a different voltage and phase of electricity than the U.S. Several foodservice companies have shipped U.S.-manufactured equipment overseas only to find it couldn't be adapted to local electrical currents.

Denny's Grieder mentions that dollar to yen fluctuations can affect royalty payments considerably . . . the less the dollar is worth, the lower the royalty.

Collins Foods avoids countries

continued on page 188

which limit the amount of money which goes out of the country. Collins did market research prior to expansion to determine where they would do best with the Sizzler concept, what already exists in foodservice in a given market, and what customers have to spend.

Most of Burger King's problems lie in getting dollars out of some countries, says Cliff Gamache. He also cites prohibitive trade laws in South America, and the possibility of trademark loss there after five years of use. Nevertheless, Burger King is interested in expanding in Buenes Aries and Rio de Janero.

Companies seem to agree that the elements of success in international expansion are not that different than at home: trained management and personnel; proximity to locations for adequate supervision and supply; and experienced partners.

Hardee's believes that distance and management problems were the major drawbacks in their 1968 debut in Germany. "There was no international department then and no training program," Gene Arnold recalls, "and Hardee's tried to adopt its domestic program directly. They had to educate the Germans about fast food. "The more companies that came in, the better," Arnold remarks, since it spread the educational burden.

Now Hardee's is concentrating on expansion in Central America which is closer to the U.S. and allows for easier supervision. They see European expansion as a future goal, to undertake when they are sure they can do it right.

Setting up a separate international division is a course recommended by international firms and consultants alike.

Lack of national personnel trained in foodservice and administration is a prime reason why many companies choose to expand through joint venture with an estab-

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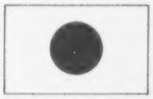
International Operations of American Chains

IRELAND:

McDonald's—2 units.



JAPAN:

A & W—7 units; **Churches Fried Chicken**—2 units; **Baskin-Robbins**—105 units; **Big Boy Restaurants**—3 units; **Collins Foods**—2 units; **Denny's**—104 units; **Dunkin' Donuts**—80 units; **Hardee's**—2 units; **IHOP**—3 units; **International Dairy Queen**—148 units; **Long John Silver's Seafood Shoppes**—3 units; **KFC**—212 units; **McDonald's**— 216 units; **Mr. Donut**—250 units; **Orange Julius**—1 unit; **Pizza Hut**— 21 units; **Shakey's**—30 units. **Tastee Freeze**—2 units; **Wendy's**—1 unit.

MEXICO:

Denny's—20 units; **KFC**—50 units; **Pizza Hut**—6 units. (Also: **Church's, Shakey's**)

MIDDLE EAST:

Burger Queen—2 units; **Happy Joe's Pizza**—2 units.

NETHERLANDS:

McDonald's—17 units. (Also: **Pizza Hut**)

NEW ZEALAND:

Burger King—27 units; **KFC**—37 units; **McDonald's**—7 units; **Pizza Hut**—96 units.

NICARAGUA:

McDonald's—1 unit.

PANAMA:

McDonald's—5 units.

SOUTH AFRICA:

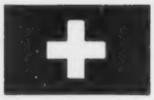
Burger King—77 units; **KFC**—77 units.

SWEDEN:

McDonald's—9 units. (Also: **Burger King**)

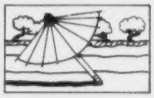
SPAIN:

Burger King—6 units; **Winchell's**—1 unit.



SWITZERLAND:

McDonald's—4 units; **Wendy's**—1 unit.



TAIWAN:

Burger Queen—3 units.

UNITED KINGDOM:

Burger King—2 units; **Burger Queen** (Huckleberry's)—4 units; **KFC**—266 units; **McDonald's**—40 units; **Pizza Hut**—7 units. (Also **Baskin-Robbins**) lished local foodservice firm.

Finding no managers available in the Middle East, Burger Queen brought in management and crew from its operations in Thailand and the Phillipines. Workers are given one trip home per year in addition to wages.

Management for Wendy's overseas units primarily started out on the ground floor in domestic stores, working their way into operations. They are overseas on two year leaves from their domestic positions to help get things off the ground. This is one reason the Company has had few expansion problems, according to Betty Young.

Several companies have established special training programs for licensees and operators of overseas restaurants.

A & W International's program runs two to three months, compared to one month's training for domestic operations.

"Domestically, managers have more contact with a regional supervisor," explains Robert Henninger. "The international operators need to be able to do more on their own. Marketing they can adapt to local situations. We give a course in purchasing; they need to order more and allow more delivery time. We also get more into equipment maintenance and repair so they can be more self-sufficient."

> The elements of success in international expansion are not that different from those in the U.S.

The number of foodservice chains poised for international expansion is as extensive as the number already operating overseas. The prognosis is that those capable of training and supplying their operations internationally, and being a bit flexible in responding to local markets will reap profits.

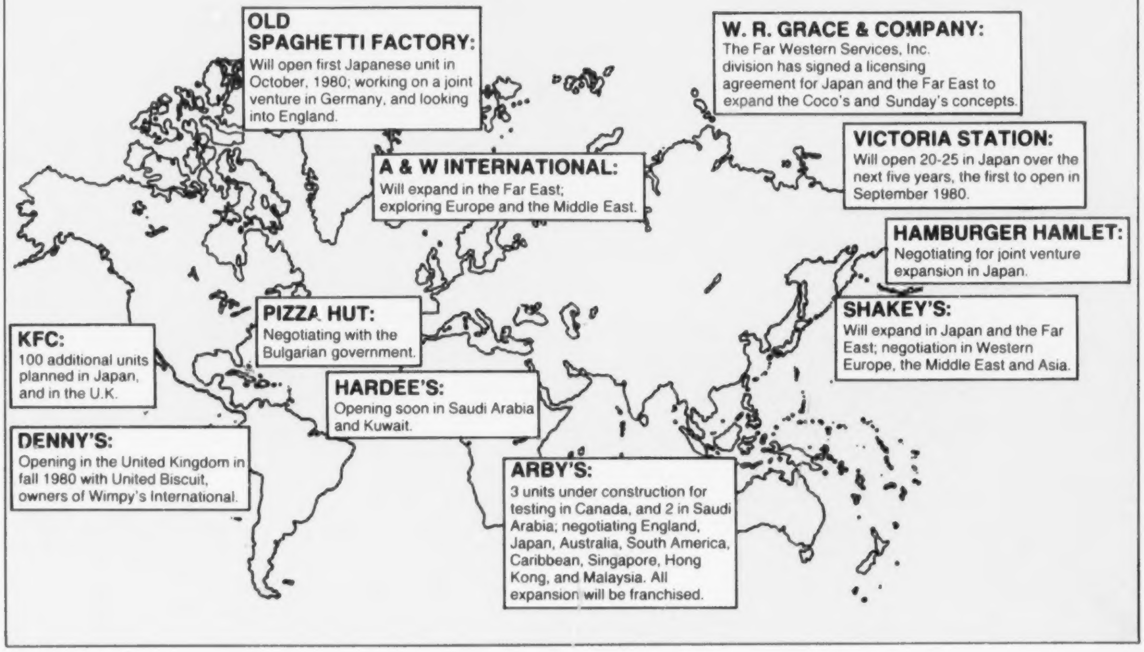
"To date, the most successful overseas operations of American fast food companies have been concentrated in Japan, Australia and Canada," says Robert Emerson. "In percentage terms, at least, the impressive growth in Australia and Canada has largely run its course. The most important markets as a source of growth in the 1980's will include West Germany and Britain, in addition to continuing high rates of expansion in Japan."

Many chains share Hardee's sentiments of the more chains in the market the easier to educate the public. Latecomers can be at a disadvantage in competing with the market pioneers, however. Wendy's Young, for instance, reports that while all their overseas stores are doing very well, "people don't realize that Wendy's hamburger is bigger than McDonald's. We have to reeducate consumers."

Interestingly, most international restaurant expansion to date, aside from hotel-related restaurant operations, have been by fast food operations.

Victoria Station and Old Spaghetti Factory are among the first full-service restaurants to expand overseas. It will be interesting to follow their progress, and learn if other full-service chains follow their lead. □

Planned Expansion By U.S.Chains



OLD SPAGHETTI FACTORY: Will open first Japanese unit in October, 1980; working on a joint venture in Germany, and looking into England.

W. R. GRACE & COMPANY: The Far Western Services, Inc. division has signed a licensing agreement for Japan and the Far East to expand the Coco's and Sunday's concepts.

VICTORIA STATION: Will open 20-25 in Japan over the next five years, the first to open in September 1980.

A & W INTERNATIONAL: Will expand in the Far East; exploring Europe and the Middle East.

HAMBURGER HAMLET: Negotiating for joint venture expansion in Japan.

SHAKEY'S: Will expand in Japan and the Far East; negotiation in Western Europe, the Middle East and Asia.

PIZZA HUT: Negotiating with the Bulgarian government.

KFC: 100 additional units planned in Japan, and in the U.K.

HARDEE'S: Opening soon in Saudi Arabia and Kuwait.

DENNY'S: Opening in the United Kingdom in fall 1980 with United Biscuit, owners of Wimpy's International.

ARBY'S: 3 units under construction for testing in Canada, and 2 in Saudi Arabia; negotiating England, Japan, Australia, South America, Caribbean, Singapore, Hong Kong, and Malaysia. All expansion will be franchised.

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Restaurant Business

FEBRUARY 1, 1981

21 11 C 5795-1 0

Saga's framework for profits

page 131

Meals-to-go

page 191

Restaurant Business

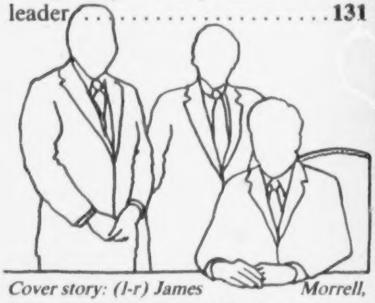
FEBRUARY 1, 1981

VOL. 80, NO. 2.

Contents

COVER STORY

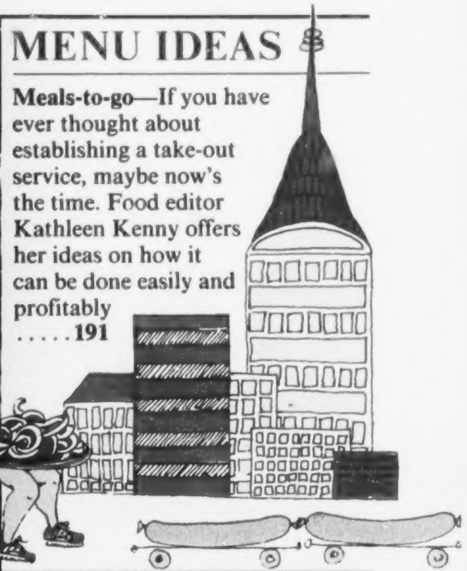
Saga's framework for profits—The penetrating account of how Saga has rebounded from managerial difficulties and in three years has become a radically different company ready to regain its reputation as a leader 131



Cover story: (l-r) James Morrell, John Hollingsworth and Charles Lynch.

MENU IDEAS

Meals-to-go—If you have ever thought about establishing a take-out service, maybe now's the time. Food editor Kathleen Kenny offers her ideas on how it can be done easily and profitably 191



FEATURES

At Lehr's Greenhouse even the ambience is for sale—This 21,000 sq. ft. restaurant/florist, where every item can be purchased is built on "unusable" land under two San Diego freeways 74

How to cash in on short term money—This article will show you how you can make surplus cash pay dividends 106

O'Connor's restaurant serves Spanish decor under glass—Located in the Texas land development of Las Colinas, this attractive 250-seat restaurant is used as an ammenity to attract businesses for future development of the community 142

Sandalwood shuns hotel-restaurant stigma—Prime Management Co., a young, aggressive firm that operates 30 hotel properties, developed its own restaurant concept 144

15th Street Fisheries catches customers' fancy—Unusual food, a romantic waterfront atmosphere in Fort Lauderdale, and a unique marketing philosophy have helped owner Mike Hurst build a $2 million operation 146

DEPARTMENTS

Legal Tips 2

RB Insights 12

Editorial—The elusive resource of people 16

Foodservice Calendar 18

Up Front 21

Menu Planners Guide 42

Management—Loyalty and today's manager 61

Wine Seller—An educated staff sells more wine 70

Management Psychology—New focus on absenteeism 82

Marketing—Learn from the market leaders 86

Trade Quotes 94

Book Review 96

Personal Finance—How do your fringe benefits stack up? ... 98

Tax Bite—How to build your own tax shelter 102

Operations Management 116

Family-Owned Business—The founder's restless family 122

Letters to the editor 126

Raising Your Equipment I.Q.—Grounds for a perfect brew 166

Drafts, Carafes & Spirits—Irish Whiskey: A sprightly spirit 171

Bar Management Guide 174

Buyer's Circle 180

Design Marketplace 199

Energy—RB Survey 212

Classified 220

Executive Editor's Desk—The innovators 218

Cover photo by George Fry

◄ Circle No. 39

RB survey: Operators plug conservation

The **Restaurant Business** *Foodservice Research Center and the American Gas Association recently conducted an energy survey to discover restaurateurs' perceptions of energy usage patterns. The survey was also designed to determine what actions restaurant operators have taken to establish energy management programs.*

Approximately 1,000 questionnaires were sent to the 1980 Restaurant Business Advisory Panel. This group represents an accurate cross-section of **Restaurant Business** *Magazine's circulation based on region, sales volume, and type of service. The return rate was 50 percent (493 respondents).*

As the rising price of energy continues to eat away at the bottom line, restaurateurs are searching for methods to "short circuit" the spiraling costs. As a result, independents and chains alike are making efficient energy management an important priority, according to a recent nationwide survey of *Restaurant Business* Magazine readers.

Operators were asked to list their prime source of energy—natural gas, propane gas, oil or electricity—and to provide a breakdown of how each source of energy is used in: 1) the kitchen (cooking, make-up air, etc.) and 2) the dining room (heating and air conditioning).

Their primary sources of energy for each of these categories are listed in *Table 1.*

The Primary Source of Restaurant Energy **Table 1**

Source of Energy:	Natural Gas	Propane Gas	Oil	Electric
Area of Utilization:	%	%	%	%
		(percent of operators)		
Kitchen				
Cooking	66	11	—	23
Make-Up Air*	22	1	1	77
Main Hot Water*	64	7	5	23
Booster Hot Water	32	13	2	63
Room Heating	60	4	9	26
Room Air Conditioning	11	—	—	89
Dining Room				
Heating*	60	5	9	27
Air Conditioning	10	—	—	89

** Does not add to 100% due to rounding.*
— Means less than 1 percent.

To help determine energy usage patterns, operators were asked if consumption in total kilowatt hours of electricity, cubic feet of gas, or gallons of oil had changed compared to consumption two years ago. Those responding "yes" were asked where the change had occurred. They were also asked to determine the reason for the change in consumption.

Only 29 percent of the operators who responded to the survey reported no change in total energy consumption compared to two years ago.

Of the 71 percent who noted a change, 57 percent reported increased kilowatt hours as the predominant change in usage. An increase in cubic feet of gas was reported by 40 percent of the respondents in this group, while an increase in oil consumption was reported by nine percent.

Of those operators who cited specific reasons for their increased energy usage, 45 percent attributed it to increased business volume—the predominant reason given.

Additional equipment/appliances was also ranked by operators as a significant factor in their increased energy usage—cited by 22 percent.

Other reasons given by operators for their greater use of energy include: severe weather (13 percent), increased hours of operations (10 percent) and building expansion (13 percent). (This adds to more than 100 percent due to multiple responses).

continued on page 214

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continued from page 212

Conservation

On the other hand, of the 71 percent who noted a change in energy usage, 42 percent cited a decrease in electrical consumption, 31 percent reported a decrease in gas usage, and five percent reported a decrease in oil usage.

Approximately 85 percent of the operators—who cited specific reasons for their decrease in energy usage—attributed it to energy conservation measures. The others attributed their decline in consumption to such factors as operating fewer hours, remodeling/new building, and changing to a different source of energy (change to gas equipment).

The energy conservation measures specifically mentioned by those surveyed are listed in *Table 2.*

Almost 65 percent of those restaurant operators surveyed have a formal employee training program. Of that group, three out of four include energy conservation in their training programs.

In addition, of all the operators surveyed, about 45 percent agree that employees can provide the best help in conserving energy. Specific employee-oriented conservation steps are listed in *Table 3.*

Energy efficient homes

The growing concern about energy efficient equipment extends into the consumer sector as well. Thanks to the Department of Energy (DOE), household appliances as we now know them may be obsolete by the end of the decade.

According to a recent article in *The Wall Street Journal,* DOE is drafting minimum efficiency standards for major appliances and, as a result, most appliances presently available will have to be redesigned to meet the proposed requirements.

Adoption of the final rules could occur this year and may be in effect by 1986.

Since these suggested standards require appliances to do the same

continued on page 216

Operator Actions to Conserve Energy **Table 2**

Energy Conservation Measures	Percent of respondents*
Weather stripping around doors/windows	66
Caulking exterior walls	44
Repair roof	64
Increase insulation in walls or attic	41
Renew door gaskets on refrigerators, freezers, etc.	71
Repair leaks in faucets, piping, equipment, etc.	95
Inspect and repair electrical time switches for setting and operation	70
Establish equipment usage schedule for employees	53
Establish equipment maintenance schedules	75
Install training programs for employees	50
Install heat reclamation devices (vent exchangers)	13
Install load monitoring/shedding devices	8
More closely monitor heating/air conditioning temperature settings	91

How Employees Can Best Help to Conserve Energy **Table 3**

Employee Conservation Measures		Percent of respondents*
Awareness/Common Sense/Paying Attention	56	15
Don't Waste Hot Water/Shut Off Faucets	24	7
Follow Training Procedures/Guidelines/ Maintenance Policies	29	8
Keep Doors and Windows Closed	33	9
Keep Freezer/Cooler/Refrigerator Doors Shut	56	15
Keep Thermostats At Proper Level/Settings-Leave Alone	59	16
Motivation/Cooperation-Employee Awareness	30	8
Schedule Cooking/Appliance Use Better	35	10
Stagger Starting Turn-On Times	37	10
Turn Off (Control) Air Conditioning/Heat When Not Needed	42	11
Turn Off Equipment/Units/Appliances When Not In Use	163	44
Turn Off Lights When Not Needed	97	26
Use Equipment Properly-Clean and Maintain	13	4
Washing Dishes-Full Basket Load and Less Hot Water	12	3

**Based on responses from 370 operators.*
Does not add to 100 percent due to multiple responses.

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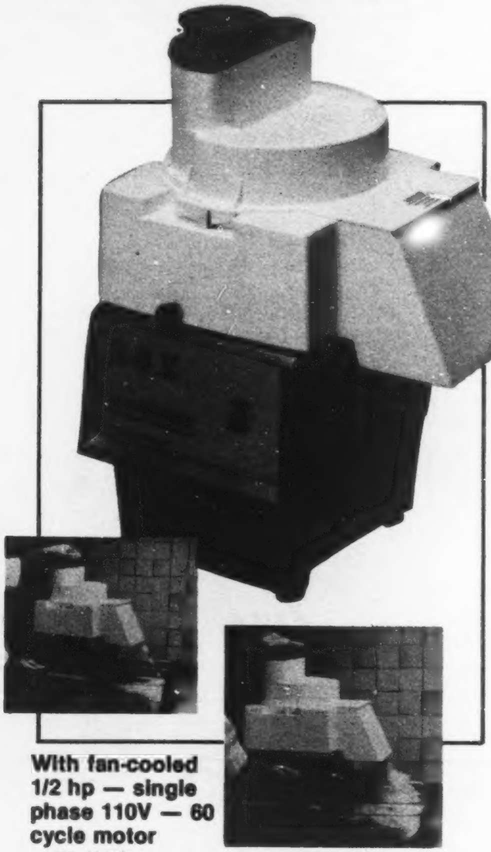

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continued from page 214

Most appliances will have to be redesigned if energy standards are established.

job using less electricity, performance of appliances may be adversely affected. For example, less hot water will be used in washing and less heat in drying. While this may take a smaller bite out of the electric bill, the possible results are poorly cleaned clothes that take twice as long to dry.

Changing demographics—smaller families, more one-person households, shrinking dwelling size, and the importance of convenience—coupled with energy conservation guidelines—will also affect new appliance designs.

Ovens, for example, may be smaller with fewer or no windows and fewer vents. Other possible trends that are predicted include: more microwave ovens and combinations of microwave with traditional thermal designs, and varied electronic controls. The most unsettling design element may be voice-response prototypes. One company has demonstrated a voice-response microwave that announces its power setting. Reportedly there are no plans to market the oven.

Minimum efficiency standards, which will apply to eight major appliances, will take effect over a five-year period. In the meantime, the appliance industry and the government are still grappling with problems including how much energy can be saved, what it will cost and whether it is worth the effort.

The problems and trends in design were discussed at the recent conference of the Association of Home Appliance Manufacturers. According to the Association, major appliances have improved their energy use up to 55 percent since 1972—without government enforced standards. ☐

NOTE

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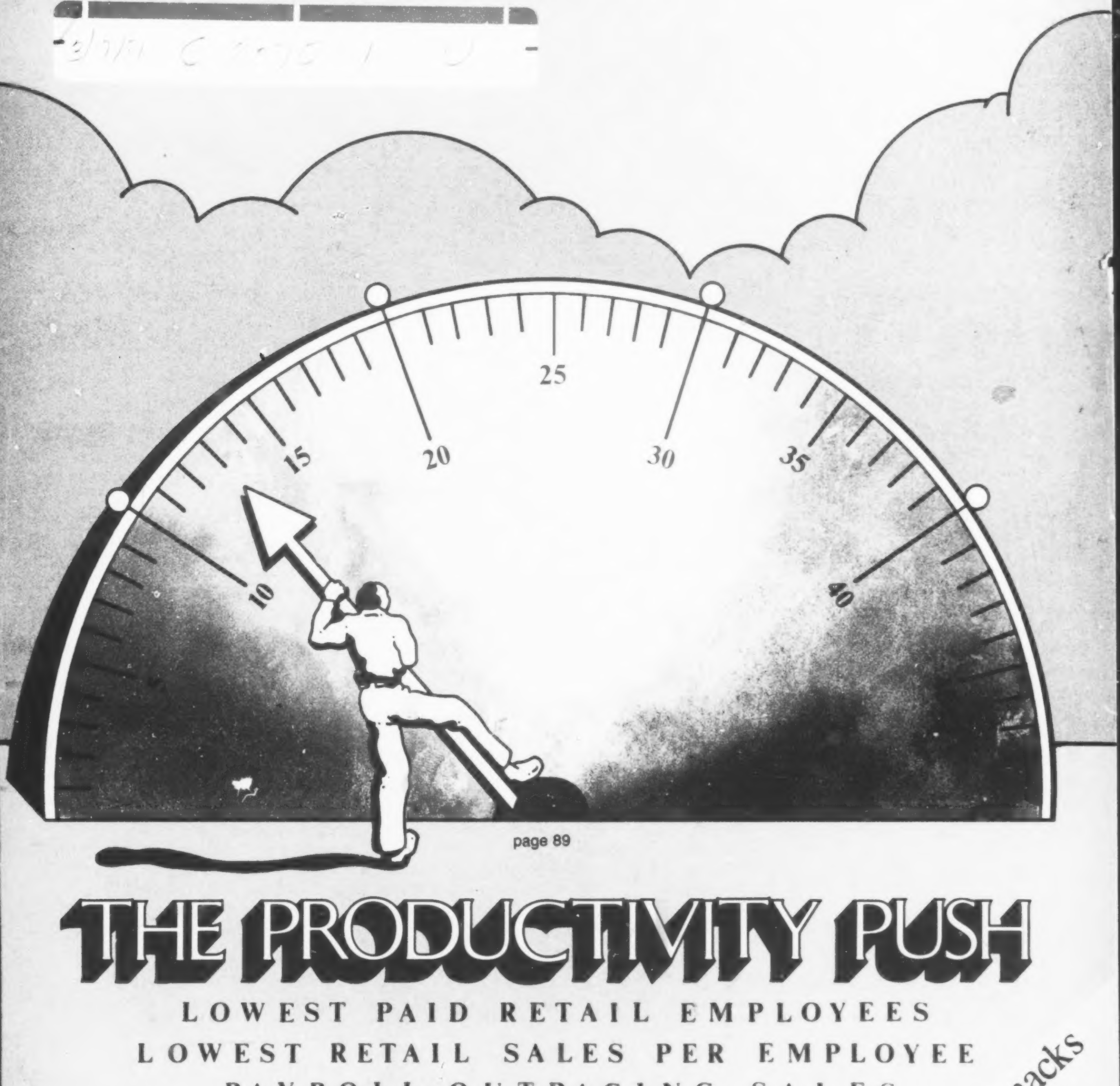

page 89

THE PRODUCTIVITY PUSH

LOWEST PAID RETAIL EMPLOYEES
LOWEST RETAIL SALES PER EMPLOYEE
PAYROLL OUTPACING SALES

Late-night snacks
Menu ideas
page 123

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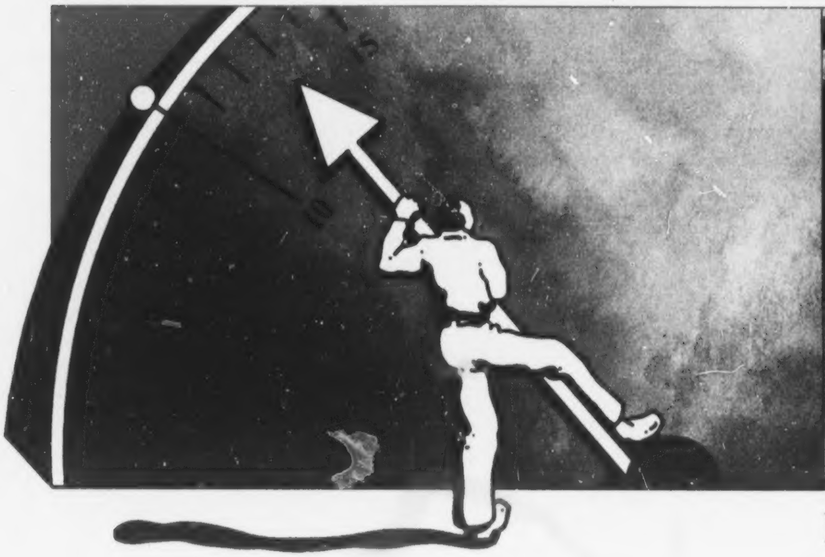
Restaurant Business

MARCH 1, 1981

VOL. 80, NO. 3

Contents



COVER STORY

The Productivity Push—With the productivity level at an all time low, the restaurant industry must recognize this threatening problem and concentrate its efforts on what can be done to "push" for maximum output thereby helping to alleviate inflation's bite 89

MENU IDEAS

Special late-night fare—It's never too late to serve customers, and food editor Kathleen Kenny will show you why . . . and how you can create a late-night menu that will boost profits 123

FEATURES

Vie de France rolls up profits with bakery/cafe—In just eight years, this company—founded by a group of Americanized Europeans in a small Washington, D.C. kitchen—has grown into a chain with 20 outlets expecting sales of $16 million in fiscal 1981 60

A formula for cut-rate payments—If you think making *monthly* payments is your *least* expensive alternative, you may be wrong. This article will show you how to save money by determining the least expensive schedule for paying premiums . . 82

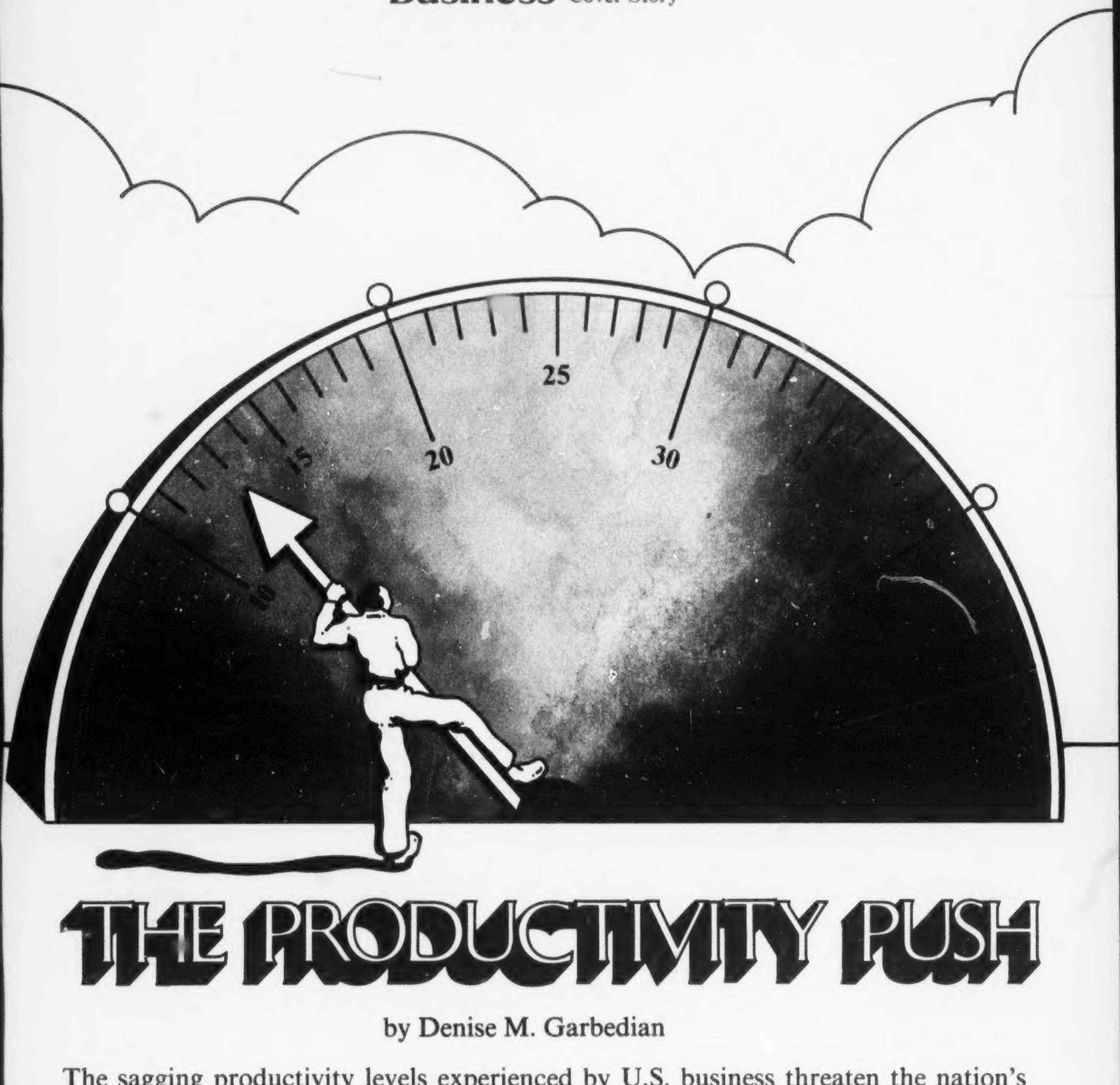
DEPARTMENTS

Sanitation Tips 2
RB Insights 12
Editorial—Back to basics 18
Foodservice Calendar 20
Up Front 23
Menu Planners Guide 32
Trade Quotes 48
Personal Finance 52
Management—Plain speaking . . 55
Management Psychology—Employee self-appraisal 66
Operations Management—Making meetings more meaningful 70
Energy 80
Raising Your Equipment I.Q.—Soft serve overruns with profit . 106
Drafts, Carafes & Spirits—Liqueurs & desserts: A hot combo by Kathleen Kenny 111
Bar Management Guide—New spirits, mixers, and bar equipment 114
Buyer's Circle 116
Design Marketplace 131
Restaurant Stirrings 132
Classified 144

Cover by Jaye Medalia

Circle No. 9 →

Restaurant Business Cover Story



THE PRODUCTIVITY PUSH

by Denise M. Garbedian

The sagging productivity levels experienced by U.S. business threaten the nation's industrial leadership abroad. Closely paralleling the national trend, the restaurant industry is being weakened by a drop in its own productivity levels. Recognizing the urgency of the problem and the importance of the solution, savvy restaurateurs realize that boosting productivity can help alleviate inflation's bite. The push must begin today. The "push" will be difficult, and the effort must be serious. As payroll costs skyrocket and low paid employees generate even lower sales, the industry, as a whole, must learn to work better, smarter and more productively.

A discussion of productivity conjures up myriad images.

Perhaps the most common image is one of employees rushing around like cartoon characters while a manager hovers near-by—eyes glued to a stop-watch—urging everyone to "work faster, faster, FASTER!"

This exaggerated scenario is representative of a common misconception—interpreting productivity as merely working faster or longer hours. Although an intrinsic part of productivity, efficiency is only *one* of many contributing factors.

Simply stated—productivity is the relationship between output of goods and services and input of money. When output grows faster than input, goods and services are being produced more efficiently—therefore generating a rise in productivity.

"In one sense, productivity represents the efficiency of our collective national economic effort," states C. Jackson Grayson, chairman of the Houston-based American Productivity Center (APC). "But I hesitate to state a definition in those terms . . . More accurately, productivity would refer to the effective use of all our natural resources, including but not limited to, our human resources."

Threat to U.S. economy

The threat to U.S. industrial leadership by foreign countries (notably Japan and Germany) has jolted American business and industry. This gradual erosion of quality, prestige and power has awakened an interest in productivity following nearly two decades of neglect. How to boost the nation's sagging productivity level has become a very real, very persistent problem.

Even the new administration is turning its eyes to an "era of national renewal." In his inaugural address, President Reagan urged: "All must share in the productive work of this 'new beginning' and all must share in the bounty of a revived economy."

According to figures from the APC, productivity in the U.S. during the postwar period grew at an average annual compound rate of 3.6 percent. From 1948 to 1965, the rate was 3 percent.

Between 1965 and 1973, productivity dropped to 2.1 percent. The onset of the energy crisis in 1973 and the severe recession in 1974-1975 combined to drop productivity to a sickly 0.2 percent rate.

Between 1978 and 1979, productivity actually slipped to a *negative* rate of almost one percent. This downward trend continued for five consecutive quarters and the most recent figures for the first three months of 1980 indicate another drop.

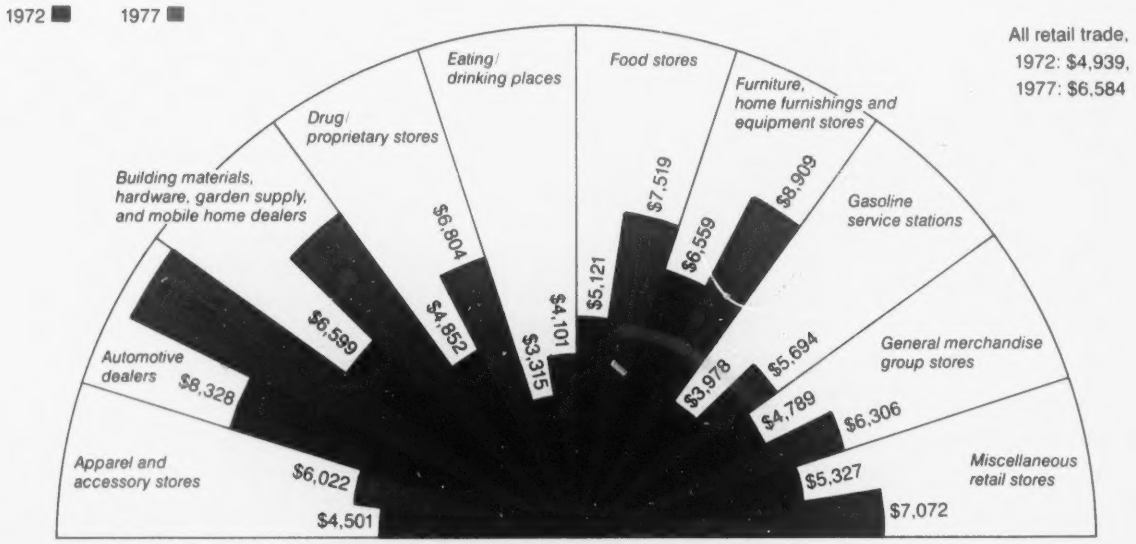
Parallel national trend

Unfortunately, productivity in the restaurant industry closely parallels the national trend. Bureau of Labor Statistics (BLS) figures indicate that in 1979 productivity in eating and drinking places dropped five percent over 1978.

Additional data confirms that labor costs are outpacing sales. According to the latest Census of Retail Trade (conducted in 1977 and issued in 1979), eating and drinking places increased sales 74.9 percent between 1972 and 1975 but this gain was offset as payroll costs increased 76.5 percent.

The census data also examined another key measure of productivity—annual sales per employee. The Census of Retail Trade ranks eating

UNITED STATES ANNUAL PAYROLL PER EMPLOYEE: 1972 AND 1977



U.S. DEPARTMENT OF COMMERCE Bureau of the Census and drinking places last in this category. The industry maintained this cellar position in both the 1972 census ($13,304 average annual sales per employee) and the 1977 census ($16,308 per employee).

The average for all retail trade was $39,267 per employee in 1972 and $53,653 in 1977. This represents an increase of 37 percent. During the same period of time, eating and drinking places posted an increase of only 23 percent.

With over 4½ million employees the restaurant industry is obviously labor intensive. And yet, the industry—compared with other retailers—pays its employees the lowest. In turn, those employees generate the lowest retail sales per employee.

An offset to inflation

All these facts and figures take on greater significance when coupled with the knowledge that boosting productivity can be the key to solving other problems.

"Productivity growth is intimately tied to rises in real income, as an offset to inflationary pressures and to profit margins," states Elliot S. Grossman of Pace University in his comments on productivity trends published in APC's Total Productivity Index.

According to Grossman: "Only through gains in productivity can labor earn higher wages which do not lead to higher costs, thus enabling the growth in real per capita income, resulting in a rise in the standard of living."

In other words, if you think of GNP as a pie and divide it among the growing population, the labor force must produce more per hour than the previous year for each person's share to increase. Otherwise, a larger percentage of the population must work longer hours to insure a rising standard of living.

Grossman also states: "A rising productivity growth rate would lower inflationary pressures and encourage economic growth, thereby leading to gains in employment and competitive position of American products in the world markets."

Where previously the focus of business was on technology and expansion, there has been a major shift in focus to the development of human resources.

Like its counterparts in other business and retail sectors, the restaurant industry is re-evaluating its productive capabilities and beginning its own push to bolster flagging productivity. While technological advances, menu standardization and simplification, and restaurant design are important contributing factors to this intensive "push," restaurant operators must also capitalize on their employees—teaching them to work better (not necessarily faster), smarter and more efficiently.

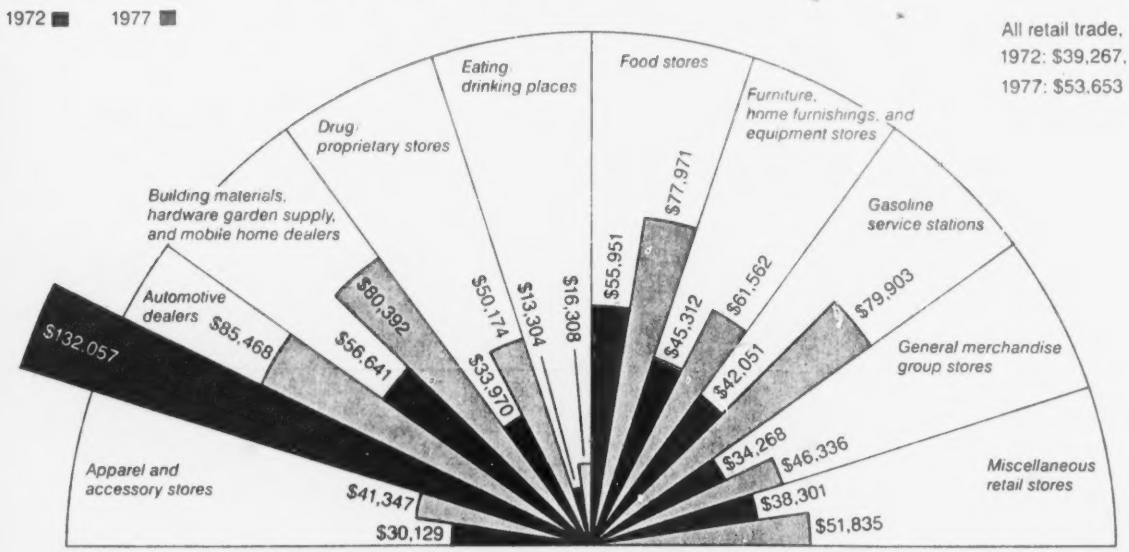
What do you measure?

According to Grayson at the American Productivity Center: "Productivity improvement is more than just the cost of labor or cost of materials or cost of capital, equipment or government regulations. It is all of these things and more."

With all of these factors involved, effectively measuring efficiency becomes a key issue when studying productivity. No universally applicable measure exists since industries define and measure productivity in relation to their industry's finished products.

For example, to determine productivity in a plant manufacturing televisions, management can count the number of sets produced and di-

UNITED STATES ANNUAL SALES PER EMPLOYEE: 1972 and 1977



vide that total by the number of man hours worked to make those sets. The result of this ratio might be the television company's gauge of efficiency and used to aid measurement of employee productivity.

However, this formula poses certain difficulties in "white collar" businesses or service-oriented industries where there are no tangible items produced. For example, how do you measure the productivity of a lawyer or a fireman? Do you count the number of briefs written or the number of lives saved?

Restaurants vs. manufacturers

The restaurant industry also poses some unique problems. According to figures from the National Restaurant Association (NRA), the restaurant industry is only 52 percent as productive as manufacturing industries.

Unlike most manufacturing firms, however, the restaurant industry is one of the few industries that takes a raw product (food), processes it, and makes the finished product available to the customer on the same premises.

Furthermore, in making the comparison to manufacturing, it must also be noted that the restaurant business must allow for *daily* peaks in selling cycles (breakfast/lunch/dinner). Restaurant employees, as opposed to plant or factory workers, have little moment-to-moment supervision. And, unlike a television or a radio, the finished product in a restaurant is not shelf-stable.

An equitable measure?

While the restaurant industry's search for an effective measure of productivity coincides with the searches launched by other industries, an equitable measure pertinent to the restaurant industry and its product must be determined.

"Since there is no set formula for measuring productivity, the entrepreneur as well as the chain operator must take a close look at the business," says Carl Bellas, professor of management science and associate dean of the College of Science at Virginia Polytechnical Institute, Blacksburg, Virginia. "Restaurant operators must ask themselves, 'What do I want to measure?' " explains Bellas.

Restaurateurs tend to measure productivity in either ratios: (sales per hour, for example) or as a percentage of labor cost (labor cost represents x percentage of total revenues, for example).

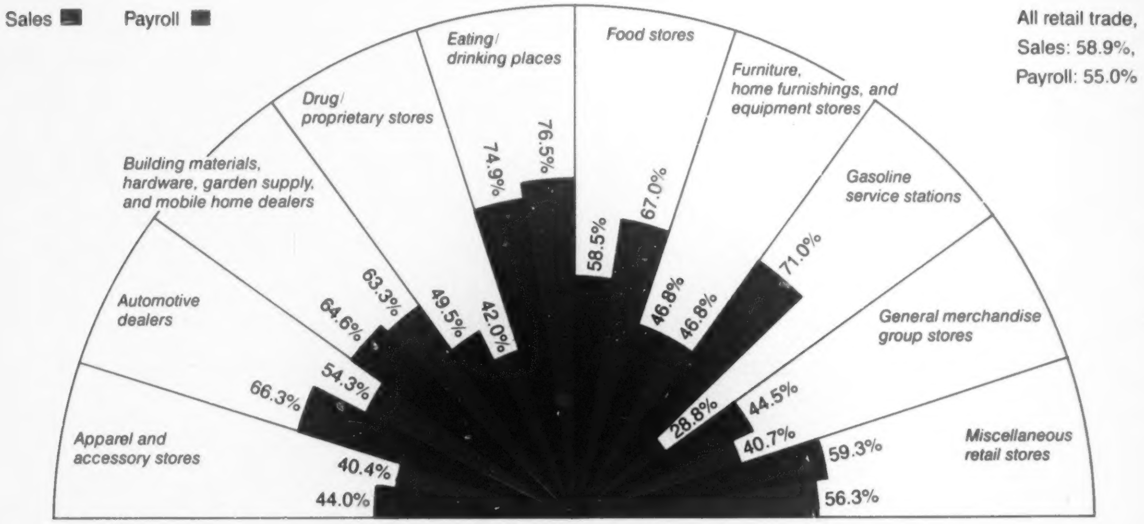
"Ideally, productivity is a ratio concept of output over input. Input represents total resources," Bellas says.

However, he is quick to point out that ratios can disguise problems. "What happens, for example, if you use 'sales per employee' to measure productivity? In this instance, inflation becomes the numerator. As prices rise so does the ratio of sales per employee. But the actual number of sales remains the same or may even drop. Technically, your ratio indicates a rise in productivity which is not there," he explains.

Ted Thelander, a private consultant and instructor of the NRA's "Controlling Labor Costs" seminar series, points out that different segments within the restaurant industry use varied indicators to measure their "food output performance." (Productive output of food is based on its cost per "widget." The "widget" being a variable.)

"In the health care market, management computes the number of meals produced; fast food outlets

UNITED STATES PERCENT CHANGE IN SALES AND ANNUAL PAYROLL OF ESTABLISHMENTS WITH PAYROLL: 1972 TO 1977



Gains in productivity produce appreciable results. Higher productivity can help ease inflationary pressures thereby encouraging economic growth.

track dollar income while white-table-cloth restaurants count customers," Thelander says.

"While the 'widgets' may vary, there are customers in every market segment. These customers become the common denominator."

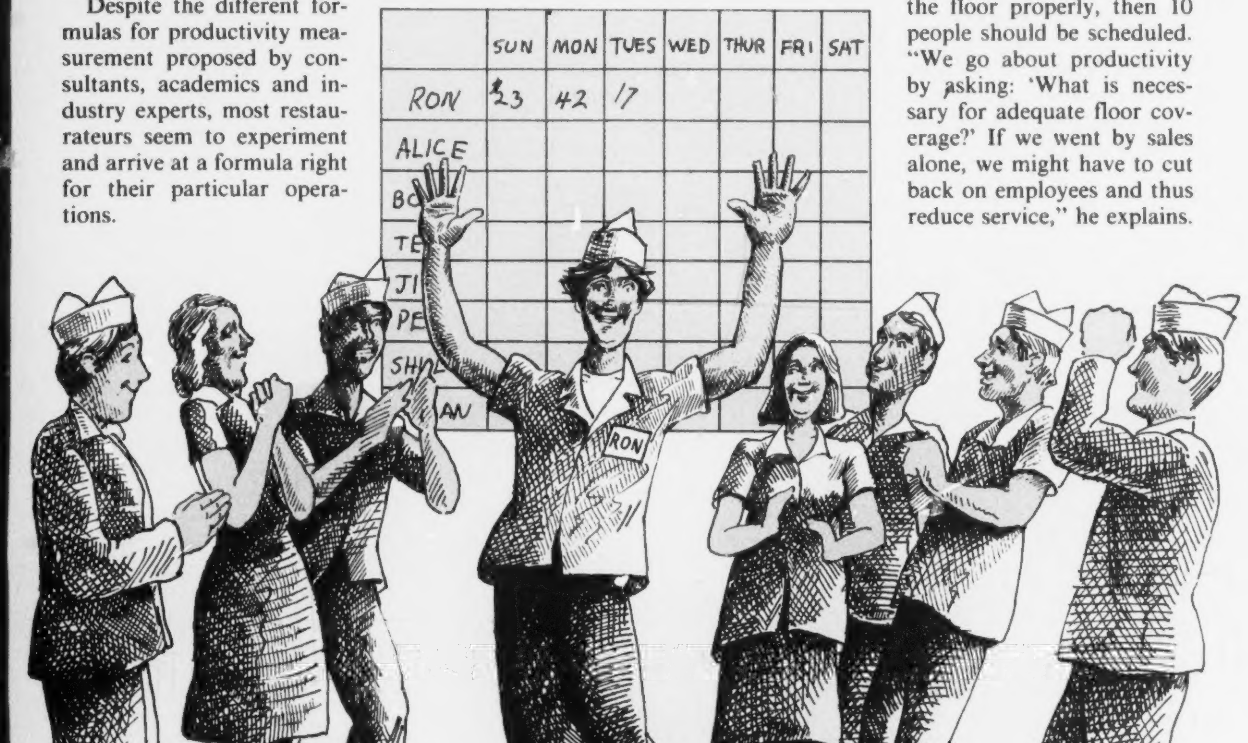
For this reason, Thelander believes "customers per direct man hour of labor" is the best measure.

Despite the different formulas for productivity measurement proposed by consultants, academics and industry experts, most restaurateurs seem to experiment and arrive at a formula right for their particular operations.

Big Boy's big "push"

"Sales per man hours is not a valid method for us," says Roy Raskin, vice president of franchising for California-based Big Boy Restaurants of America. "This gets locked into a numbers game. You can't compare the restaurant business with other retail companies because this industry is so highly service-oriented. It's easy to measure how many 'widgets' a worker on a manufacturing line produces but since we are on a level dealing directly with people, productivity is not as easy to measure," he says.

Raskin contends that if a restaurant has 10 stations and 10 people are needed to cover the floor properly, then 10 people should be scheduled. "We go about productivity by asking: 'What is necessary for adequate floor coverage?' If we went by sales alone, we might have to cut back on employees and thus reduce service," he explains.



Raskin reports that Big Boy's objective—like every other successful company—is to get the highest optimum sales the restaurant can generate.

"The way to increase productivity is to increase sales. Our objective is not to manipulate the employee but rather to manipulate the customer," he says.

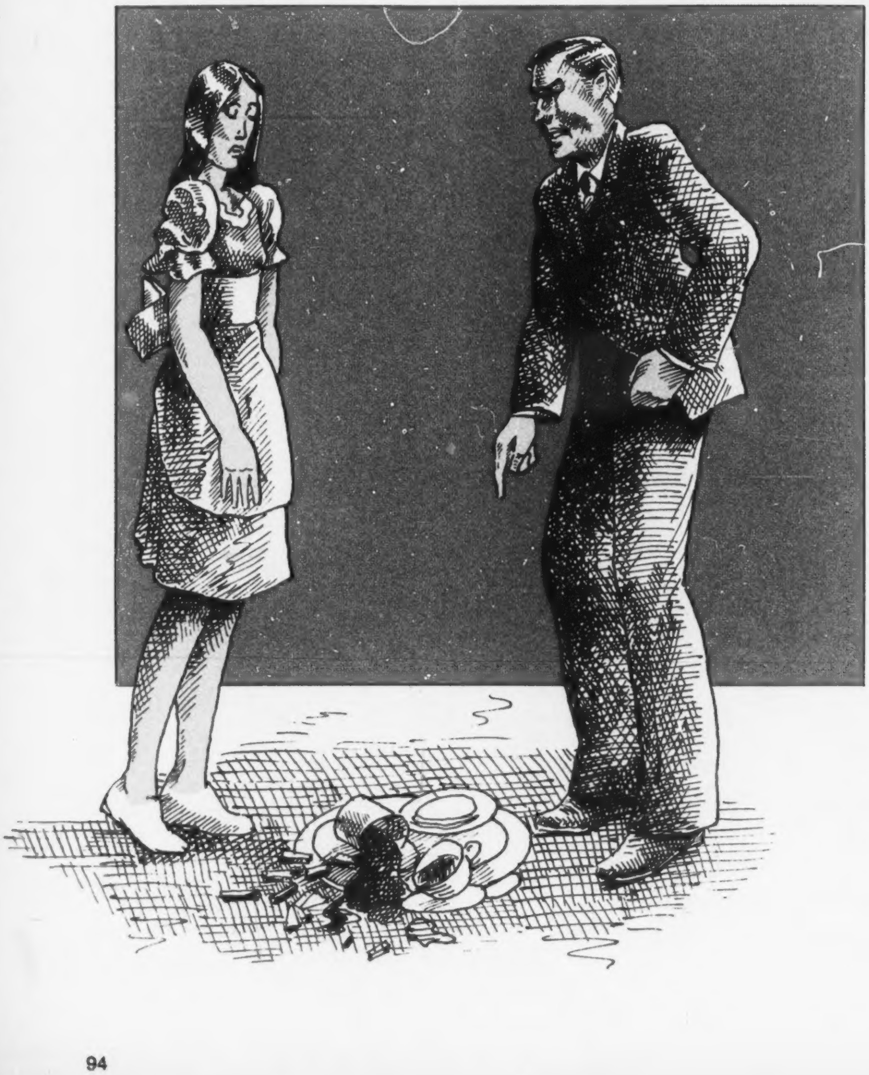
Successful hiring

The key to "customer manipulation" lies in the ability of the servers to do a better job (i.e. increase customer turnover by serving rapidly but without seeming to rush the customer). Therefore, it is necessary first to *find* the right "type" of employee and then to *train* them to perform efficiently, effectively and productively.

To develop an efficient group of workers, a high percentage of successful "hires" is necessary. However, the restaurant industry is notorious for its practice of "panic hiring"—often sacrificing proficiency for expediency.

"Panic hiring seems to be the nature of the business," says James Moffa, director of administration and personnel for the NRA. "Restaurateurs rush to hire and fill in positions rather than taking the time to do it properly. Operators must devise a systematic approach to interviewing and hiring."

At Big Boy, managers attend seminars in interviewing techniques to sharpen their skills. "We try to educate them. We emphasize that they are better off closing a station until they have properly hired and trained employees rather than keeping the station open and filling the vacancy with a poor selection."



Job descriptions

Initially, management must have an accurate description of the position that is open and a clear understanding of the skills and personality needed to successfully perform the job.

And, although intangible personality qualities such as integrity, industriousness, dependability and motivation may be difficult to evaluate during the course of a brief interview, there are methods to the selection process that can help.

"Management must ask 'intelligent' questions and not just shoot the breeze with an applicant," explains Moffa. "Every question must be designed and asked for a specific purpose."

Raskin agrees and notes that open-ended questions elicit the best response. "We ask questions like: 'How would you react if a customer complains to the manager about your service?' or 'How do you work with others?' The answers given to these types of questions indicate more about the applicant's personality than typical 'yes' or 'no' questions," says Raskin.

"It's only natural to sometimes make mistakes but you can tell you've made the wrong choice when you see these employees in action. They only last a short time. In the long run, you're better off taking the time to hire properly," he adds.

Training skills

Part of the restaurant industry's problem in boosting productivity is its continued mismanagement of and/or lack of development of its human resources. However, during the last decade there has been a decided emphasis placed on training skills.

"Years ago, you'd hire someone and put them out on the floor immediately. It used to be a sink or swim situation," notes Raskin. "Today it's a different story. Training and development are part of Big

Since no universally applicable productivity measure exists, restaurateurs must look at their operations and decide what they want to measure.

Boy's foundations. We constantly train and retrain all our employees. Much of service is attitude or knowing how to make a sourpuss a good customer."

Raskin points out that it is important to provide the employee with information about what the job entails. In addition, management can provide employees with the means to be more productive.

"For example, we tell the waitresses, in advance, what to do about menu substitutions. A chart listing requests and prices for those requests is posted in the back-of-the-house. When a customer asks for a half-order of onion rings, the waitress can smilingly complete the order instead of scratching her head and wondering if it's possible. This is an example of how we've built efficiency into the operation."

Raskin also notes the company has studied employee/customer relationships. "We offer the waitresses points on how to deal with customers effectively. There are certain established patterns and we can point them out. The better trained the waitresses are and the more knowledge they have, the better off we are as a company," adds Raskin.

Pal's Captain's Table

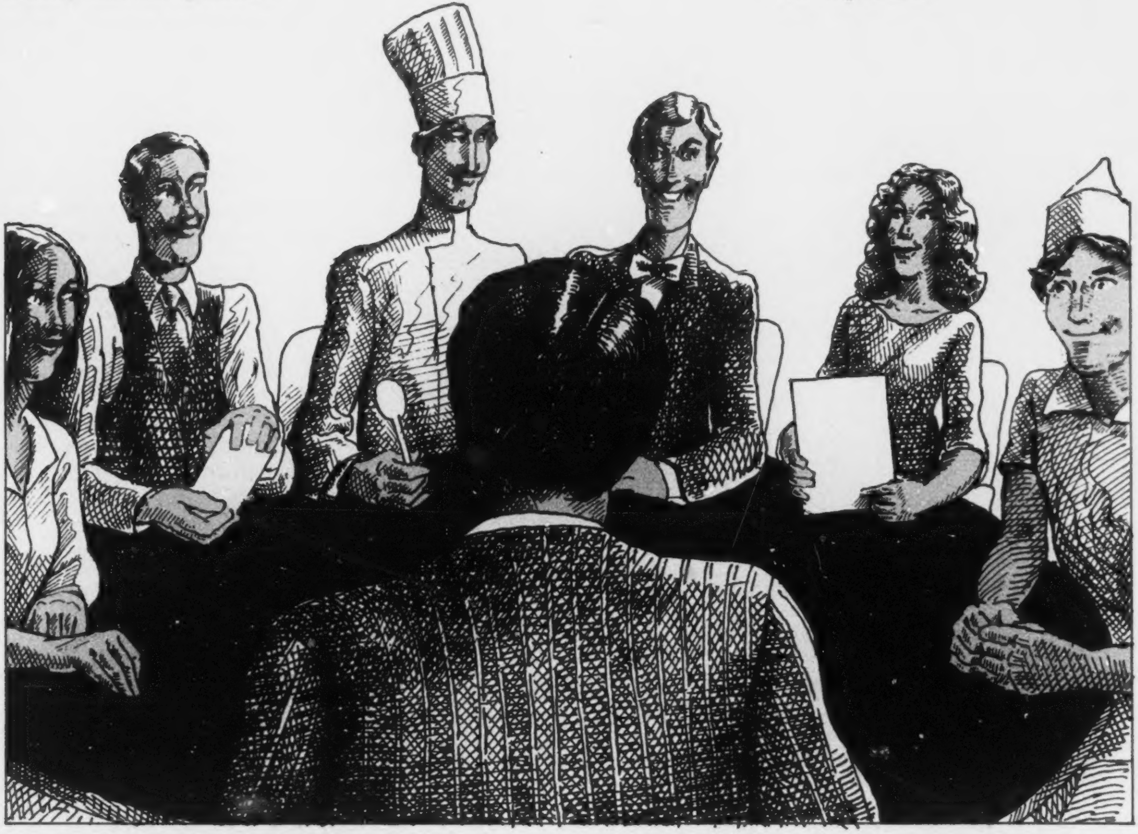
At Pal's Captain's Table Restaurant in Deerfield Beach, Florida, successfully turning 7,600 covers weekly with only 136 employees requires a thoroughly trained staff.

"You can't have your employees running around 'headless'," begins Annemarie Mabille, cost control manager and director of training for the 350-seat restaurant.

"The employees have to know exactly what they are doing and must be trained properly. In Europe, waiters study for years and some are eventually licensed. In America, service personnel only occasionally treat their jobs as a true profession."

In order to bring European service to Pal's, Mabille conducts an intensive training program that combines classroom learning with "on the job" training.

"There are two basic elements. The first is cleanliness. We stress that employees have to keep themselves and the dining room clean. The second is service—they must know the proper way to serve everything from appetizer to wine," she emphasizes.



The technical training includes appearance of menu items, the basics of table settings, proper posture, and how to sell menu items.

"But class doesn't mean anything if you do not apply what you've learned in class to what happens on the floor," she says.

She gives, as an example the incident of a customer dropping a spoon on the floor. "In class, they are trained to bring a replacement on a napkin and present it to the customer. If I see a waiter carrying a spoon in his hand, I will call him over at the end of the meal and discuss this with him," she explains.

Sensor

Action-oriented, confident, competitive, assertive

Employees work in two person teams. (Currently there are 18 teams.) The "front person" is responsible for serving whatever the guests want (drinks, taking orders, ashtrays, refills). This team member is also responsible for the check and handles the money.

The "back person" makes sure the order is handled properly and concentrates on detailed service. Since all food is cooked to order, it is up to the back person to time the meal properly and know when to place and serve the orders.

A new employee will follow a team for a minimum of three days in addition to the classroom training. Tests are given on specific ideas—how to order an item, for example. When Mabille feels the trainee has successfully completed this portion of the training, a station of two or three tables is assigned.

"One employee who doesn't know what to do, can cause a great deal of damage. I may change waiters in mid-meal if there is a problem. Poor or rude service does nothing to bring back customers. And so, we believe that it is too expensive *not* to train," Mabille adds.

Importance of the manager

"As the manager goes, so goes the restaurant," is a phrase that helps sum up the importance of the first level of management.

Much of the attitude, ability and professionalism of the manager is reflected in the type of employee attracted to a restaurant and the staff the manager eventually hires, teaches and trains.

Like a coach, the manager sets the "team spirit." Ideally, an effective manager is a good motivator, combines humor and discipline, and can dispense both compliments and (constructive) criticism firmly and fairly.

Independents and chains must recognize that good managers—like good employees—need to be trained and then translate this knowledge into action.

"In the fast food segment, today's managers may be technically competent and have developed expertise in running the machines efficiently, but they are lacking in the area of managing people," says Bellas.

"And the basics of business operations may be foreign to entrepreneurs. While good independents run on "gut" feelings, these intuitions must be further channeled into action" he says.

Bellas also points out that during the 70s much of the concentration of the chains focused on growth and expansion rather than training and development. However, as markets become saturated and competition stiffens, better trained staffs lend a competitive edge to a company and higher employee productivity translates into added dollars.

As a result, training of managers and crews takes on a new importance. (The plethora of fast food "universities" testifies to the chains' growing interest in the development of human resources.)

While large companies are admittedly far from perfecting training techniques, the individual operator can learn from programs established by the "giants" and information available from outside sources.

Scheduling

"Restaurateurs, especially independents, need to devise better work schedules," warns Bellas. "Some managers have a tendency to schedule their staff according to what the employees want rather than what the restaurant needs. During busy dinner periods, for example, operators need to have their best people on the floor—even if it means paying a premium."

For Red Lobster Inns of America, however, productive scheduling has paid off handsomely. Approximately, one year ago the company developed a chain-wide program to effectively stagger employee starting time. Since the company's management information system tracks customer counts on a daily basis, units can tailor their scheduling needs accordingly.

According to parent General Mills, "the program has had a major impact by reducing non-productive wasted hours and has saved well over $2 million this past year alone, without affecting customer service."

The company also reports the reduction of employee turnover to be about half the level of the industry average.

"Red Lobster has increased employee productivity through systems development and employee development," says William E. Hattaway, president of the Red Lobster Inns of America. "The improved systems provide us a vehicle to track productivity (i.e. sales per employee.) Our systems development measures guests served per labor hour, total labor hours by job function and labor expense per guest."

Hattaway attributes reduced employee and management turnover to better training procedures, benefits and a profit sharing plan. "Management trainees are recruited and trained continuously, rather than at the last minute," he explains, "emphasis is placed on employee relations and business management skills training as well as operational training."

Effective communication

For any manager to become an effective leader he/she must develop their talents as communicators. Since most communication is verbal, the first and possibly most important step to effective communication is *active* listening.

According to Thelander, it is possible to raise the "listening quotient" of a leader or manager by teaching them *how* to listen. "It's not that people don't hear; it's that they don't listen," he emphasizes. "Active listening is vital for *any* type of relationship."

Following are four basic steps that management, or anyone for that matter can utilize to listen more effectively.

The *listener* promises:

1. "I will commit to be with you while you speak." In other words, the listener will stop everything and pay strict attention to the speaker.
2. "I will not speak until you finish." This basic courtesy allows the speaker to express himself completely.
3. "I will repeat what you said." The listener repeats the message from the speaker. This will assure accuracy.
4. "You will agree." The speaker affirms the listener's understanding of the message communicated.

Feedback systems

To successfully respond to employee attempts at communication, it is obvious that management must establish some type of feedback system. Thelander points out however, since it takes long periods of time to straighten out these areas, many companies prefer not to spend 80 percent of their time in an area that produces only 20 percent of their profits.

He also mentions one way to gauge productivity would be to ask the employees themselves: "How do you know you are doing a good job?"

Unfortunately, he notes the most common response is: "When I haven't caught hell lately."

According to Thelander, leaders or managers can use three methods in dealing with employees: 1) positive strokes (praise or other positive reinforcers); 2) negative strokes (criticism—not necessarily constructive—or other negative reinforcers); 3) zero strokes (no feedback whatsoever—this extincts both good and bad behavior).

He notes that many organizations use a combination of both negative and zero strokes throughout the year.

Then, at the end of the year, employees are reviewed. As a result, these companies "put a lid" on their employees. "How can you expect to develop people that way?," says Thelander. The way to develop people, he claims, is to use positive strokes like active listening and delegation of responsibility.

Thelander suggests using a scoreboard as one method to provide these positive reinforcers.

"For example, you establish a goal. Let's say you want to sell x number of hamburgers. You draw up a chart with everyone's name on it and post it in an area of high visibility. Then, you keep track of the number of hamburgers sold by each employee on either a daily or weekly basis. In addition to spurring productivity and competition, the involvement gives the employees a positive stroke," he says.

Feeler

Friendly, spontaneous, loyal, persuasive, empathic

Team building

Thelander is also a strong believer in using "team building" as a positive stroke.

Similar to Japanese industry's "quality circles" (groups of 10-12 employees who work on quality and improvements in production), team building brings together the employees who could make a meaningful contribution in an open dialogue and has them work for a common goal.

The quality circle or team building technique is particularly attractive because it involves those closest to the situation and allows the person most familiar with the facts (sometimes a part-time employee) to participate in making decisions.

Moffa of the NRA, using wine promotion as an example, says participants representing management, employees and customers should discuss the 'how-to's' of the topic in a 'no-fault' atmosphere.

Moffa notes that when this idea is introduced and discussed at seminars, he asks participants to suggest a list of attendees. "They invariably leave out the bartender he says "And he may have the most impact during a wine promotion."

Ohio-based Famous Recipe Fried Chicken Restaurants is one company aware of the power of positive strokes and actively using the team building technique.

"We try to encourage all the pertinent employees to participate in these sessions," says Glenn Lindsey, the company's director of training.

"For example, if a manager wants the unit cleaned more quickly, he'll include the entire cleanup crew—full and/or part time employees—in the discussion of the problem and its possible solutions. Some of our best answers come from the part-timers. This is because we consider them an important part of our business and not just transient teenage workers," he says.

Intuitor

HAMBURGER
HEAVEN

*Original,
imaginative, creative,
tenacious*

The "famous" attitude

Lindsey emphasizes that the company encourages the development of a professional attitude in all its employees.

"We stress that our managers must see themselves as professionals and understand the complexities of the job. In our training classes, we try to develop that feeling of professionalism in the managers," he says.

Lindsey points out that in the restaurant industry, the manager often handles the responsibilities of two or three people in comparable positions in other industries. "The manager hires, trains and disciplines employees as well as doing paperwork, billing and sometimes even cleaning. Managing a unit is a complex job that demands intelligence and organization," he notes.

This emphasis on professionalism begins at the top level of management and filters down to part-time employees. "Because of the industry's high rate of turnover, many companies don't think training is worth the effort or the investment of time and money. However, we believe that good training and a professional attitude—be it on the managerial or hourly level—is the key to getting employees to work at their best or most productive levels," says Lindsey.

He notes only one person is responsible for training—the manager. "We insist that the manager *never* delegate the responsibility of training. No one but the manager can set the high standards or expectations of performance. It is imperative that the manager lets the employees know from the beginning, what is expected of them in terms of attitude and performance," explains Lindsey.

Managers must also explain the "why" of procedures to employees. "Explaining why you put out a good product builds attitudes and values. Besides, if you don't explain why you operate in a particular way, the employee will try to find a short cut. And although this may be the quicker, easier way in the short run, these short cuts slow down the production effort in the long run. It is imperative for them to build pride in their job." says Lindsey.

"The manager must set workable goals and maintain them. If, just once, you let the standard slip and settle for mediocrity, you've lost that standard forever."

To let the employees know the company is concerned, management watches job performance carefully. "Performance reviews are an important part in building both pride and boosting productivity," explains Lindsey. (Thelander would call these reviews positive strokes.)

"Reviews are scheduled every three months but new employees may be reviewed as often as once a week. The review can be very informal. And, of course, if there are any immediate problems or questions the manager maintains an 'open door policy' to discuss any difficulties," says Lindsey.

He notes the importance of verbal rewards when a job is well done. These should be followed up with monetary rewards when reviews are conducted.

Communicating styles

Prodding people to work at optimum levels of efficiency and productivity takes managers who know how to communicate. During management seminars, Famous Recipe Fried Chicken unit managers are given a Survey of Communicating Styles developed by Dr. Paul P. Mok of Dallas, Texas. Through a series of questions, the survey indicates an individual's style of communicating.

The basic premise of what Mok calls "Communicating Styles Technology" (CST), is that most people blend four communicating or behavioral styles in their approach to life and work. However, most people have a dominant or preferred style. (Under stress an individual may shift styles and take on a different dominant style.)

As defined by CST, the four styles and basic characteristics are:

1. *Sensor:* emphasizes action and bottom-line results. Assertive, hard-driving and to the point. An entrepreneur is a typical occupation of a sensor.
2. *Feeler:* emphasizes emotions, feeling, human interaction and is warm and friendly. A salesman is a typical occupation of a feeler.
3. *Thinker:* emphasizes logic, organization and analysis. Methodical and rational. An accountant is an example of a typical occupation for a thinker.
4. *Intuitor:* emphasizes ideas, concepts, theory and long range perspective. Imaginative and creative. An artist is a typical occupation of the intuitor. Mok emphasizes that no style is better than the other; each style is valid.

The company uses CST to help managers anticipate the communicating styles of their co-workers and employees. By recognizing the basic characteristics of each style, managers can adapt or modify their approach (style-flex) to show sensitivity towards another person's style, avoid or reduce conflict and thus obtain more productive results from their employees.

"For example, let's say the owner of a franchise is a sensor—which means he's action-oriented—and the manager of the unit is a thinker—which means he's more methodical. If a problem comes up, a natural conflict might arise. The owner might wonder why the manager is not moving faster and the manager might wonder why the owner is in a rush," he says.

According to Lindsey, under the CST system, the manager could style-flex his response and talk to the owner in terms of short-term plans, deadlines and results rather than presenting long-range objectives in a detailed meeting. "In this way, you head-off the conflict, yet resolve the problem," he notes.

The CST system is still experimental and the survey is not given to hourly employees. Instead, it is given to managers to make them aware of communicating styles and characteristics and what they might imply.

Lindsey explains that CST along with team building, training and performance reviews are methods Famous Recipe Fried Chicken restaurants use to develop their employees to their full potential.

"We are not interested in how many trays of chicken an employee can produce in an hour. We are more concerned about getting the crew to work together well as a whole and pushing the individual to do their best," adds Lindsey.

Setting goals spells success

In order for employees to perform well, management must set definite—but obtainable—objectives or goals.

Custom Management Corporation's STAT program put this theory into action. STAT (Strength Through Action Today) began in September 1979 with the establishment of 10 specific goals and officially ended in January 1980 with the specified goals either reached or surpassed.

"STAT was a fun program with high visibility which worked," says Arthur W. Evans, executive vice president of the Pennsylvania based institutional foodservice management company. "The program touched every one of our 8,000 employees in some way."

The 10 point program of measureable goals included: reducing corporate inventory 10 percent; reducing corporate receivables by 15 days; reducing account receivables by $500,000 and improving billing time by five days.

"Through the STAT program we improved our payables with cus-

Thinker

Deliberative, prudent, rational, analytical, well-organized

Tips for increasing productivity

Employees will do their best for the operator who gives something in return.

Following are some specific tips for increasing productivity among your associates as prepared by Ray Petteruto, who is author of the book *How to Open and Operate a Restaurant* and has 33 years experience in foodservice operations.

- *An open dialogue with your workers.* Communication is the key to increased productivity. Management always wants 100 percent from its employees, but how many managers take the time to include all workers in a "family" grouping as a means to maximize productivity? At periodic staff meetings, at least once a week, both your problems and your workers' concerns can be aired. Share information in a constructive fashion. This helps to find mutually beneficial solutions.
- *Don't just point out the mistakes.* Like an athletic team, employees actually want to be directed and motivated. The operator must talk to them in a positive manner for both encouragement and reassurance. Don't wait until you see a mistake before communicating with your people. A more positive reinforcement is a better technique for increased productivity.
- *Remember when you were there!* Productivity is also promoted when the operator can remember the problems and responsibilities associated with his/her own climb up the ladder. Some operators forget how it was to wash dishes with not enough soap to use or not enough racks. In other words, consider the technical requirements of each position from which you expect maximum performance.
- *Assess the individual's particular talents.* The time the operator invests in surveying the individual abilities of each worker will be paid back with increased productivity. Build a team utilizing the particular talents of each person. Observe your workers and match each to the most suitable job function.
- *Listen to everybody.* Sometimes the worker who may be considered the lowest on the totem pole can bring to light possibilities for increasing productivity. Your customers are the ones who know more than anyone about the results of maximal productivity. Customers want all the things you want to give them: value, service, cleanliness, quality, etc. There is no one more reliable than a trusted customer to let you know confidentially where some area of your operation may be lagging behind. Equally as important, listen to your suppliers who visit your operation. These professionals visit a wide variety of foodservice operations and see many efficiency methods employed.
- *Be an observer.* Actually look at what your people are doing. Through observation alone, there are many obvious steps you can take to increase productivity. Where are the wasted steps in service and how can they be corrected?
- *Use of job descriptions.* Another technique is to write a full job description for every position within the operation, have them typed and placed on a bulletin board where employees can see them. A day-to-day reminder of the employer's expectations can be a valuable tool toward increased productivity.
- *Divide and conquer the productivity problem.* You can't physically be everywhere at once, so have one person responsible for each operational function. This actually rewards those individuals in whom you have confidence, and they will act to the best of their ability in your stead to produce in their respective areas.
- *Never work "yesterday."* An important factor in promoting a spirit of increased productivity among employees is to never, never procrastinate in your own assignments, nor let your workers procrastinate in theirs. It's discouraging to arrive to prepare breakfast and find dirty dishes from the night before.
- *Keep a clipboard.* Productivity increases when the problems which slow you and your workers down are remembered. When a point of efficiency comes to mind or employees make a recommendation that could help with their own tasks, make note of it on a small clipboard kept in a convenient place when you are on the premises. Take action on these points as soon as your schedule allows.
- *"Jump in" occasionally.* If your dishwasher or chef gets behind during peak hours, don't be shy about occasionally "jumping in", perhaps setting an upgraded pace, if necessary. There will be some critics who would advise against stepping in on one of your subordinate's responsibilities; but if handled positively—your employee will actually be flattered knowing that the boss thinks enough of him/her to be of assistance. And, nine chances out of ten, a slack pace would be accelerated.
- *Demand good use of slow periods.* Hourly wages remain the same, in both slack and busy periods. Make employees aware that in peak periods there is nothing else that should occupy their thoughts or energies but servicing the customers' needs. Slack periods must be identified as productive time, from advance kitchen "prep" work to filling sugar dispensers.
- *PSB principle*—Put Some Back. My feeling is that employees will do their best for the operator who will give something back to them that they earn for him/her. It can be in terms of percentages of profit, pay increases, vacation incentives or, most importantly, elevated self-esteem.

tomers; improved relations with purveyors and pulled ourselves out of a debt position with the bank. By reaching our objectives we increased our cash flow productivity," explains Evans.

To heighten employee awareness, Custom Management made STAT a corporate game. Staff people in the field who developed cost efficient/effective ideas received STAT award cash prizes ($200 for the first prize.)

In addition, every week for a period of two months, posters capitalizing on use of the acronym STAT were sent to the 250 units. For example, the phrase: "Don't let inventory become an Empire STAT building" was coupled with a picture of inventory stacked in the shape of the Empire State building with King Kong perched on top.

For their hospital accounts, the acronym had a double meaning. "In hospitals, STAT (taken from the Latin *statium* which means immediately) is commonly used on patient charts.

"About 50 percent of our business is hospital foodservice and the STAT buttons we had printed were so popular we had to order a couple of thousand more. The buttons made the program visible," he says.

Evans maintains, however, that STAT was a one-shot program. "We moved on it quickly and railroaded it through. The program's high visibility became boring after a period of time," he explains.

Once Custom Management reached its goals, it established new corporate policies to maintain the new productivity levels.

Custom Management also sets objectives for its middle and upper management. These goals are tied to reward incentives.

"The bonus system is tied to the profitability of each unit. Since every budget is negotiated separately, each manager is under pressure to stay within his budget.

"If a manager makes a larger profit than allotted, he receives a percentage. On the other hand, there are negative incentives, too. If a manager should wait too long on receivables, he is penalized," explains Evans.

District managers with control of 10 units are also part of a reward system. For example, these supervisors are responsible for the timeliness of reports (payroll, invoices, etc.) for their units. If all the units in their district submit their reports on time, the supervisor receives a bonus; if any are late, there is a penalty.

"Employees need objective measurements and management acts as a scorekeeper. You hear that money is not a motivator but I don't believe it. In the foodservice industry, it's a combination of money and a pat on the back. We've put that at-

25 YEARS
White

titude into practice," Evans adds.

Employee loyalty

Since many companies consider Japan an industrial leader in terms of sustained growth and productivity, it is interesting to note that much of the country's success is attributed to a cooperative attitude between management and labor.

In a recent issue of *U.S. News and World Report,* Koehi Goshi, chairman of the Productivity Center of Japan, talks about the country's lifetime employment system. He says: "Once a person is employed, he usually stays with a company for his whole working career. He entrusts his entire life to the corporation. He shares his prosperity with the company."

In American business, where the scramble to the top by way of many companies is typical, this philosophy is unusual.

In the restaurant industry, where the annual employee turnover rate can be as high as 400 percent, this philosophy is almost non-existent.

The NRA estimates place the annual employee turnover rate anywhere from 300 to 400 percent. Latest figures also indicate that 90 percent of employees leave within the first 90 days; 50 percent leave within the first 30 days.

However, in certain respects, White Castle Systems, Inc. seems to be the exception to the industry norm. "Too many people treat restaurant employees as short term or temporary help," says Gail D. Turley, director of advertising and public relations, for the privately held company. "We try to approach it as a foodservice career business."

This attitude is obviously successful, for Turley says that 12 percent of the company's 7,000 employees have provided from 10 to 25 years of continuous service.

In addition, at this time, 150 people have achieved 25-45 years of continuous service. (These figures do not include people who have left the company and returned later.)

"When an employee passes the 25 year mark we make a big celebration out of it. It's sort of like 'Queen for a Day.' We fly the employee to Columbus for a weekend; give them a tour of company facilities; throw them a party and take them out to dinner. We also present them with a gold watch," he explains.

What inspires such loyalty? Turley attributes much of the company's success to its emphasis on the "human side" of the business. The extensive—and unusual—benefits begin with the first paycheck, since White Castle hourly employees are paid above the minimum wage from the start. Depending on the city, hourly workers' pay ranges from $3.50 to $6.

White Castle benefits

The basic benefit package is available to *every* employee regardless of position. (Some are available within three months of starting, others within the first year).. The package includes:

- *Cash bonus*—In 1979 White Castle Systems, Inc. distributed over $1½ million in cash bonuses. "We've issued a cash bonus every year since 1936. The bonuses are drawn from a fund (determined by sales) and distributed on the basis of length of service. Six months of employment is worth one credit. In 1979, one credit was worth $36.24.
- *Profit sharing plan*—In 1979, the company paid $4½ million in profit sharing. The company supplies 50 percent of annual profits and funds which are held for deferred compensation. If an employee should leave after a few years, only the vested interest is paid to them.
- *Company-paid pension plan*—Provides full benefits before 65 with 40 years of continuous service.

Other benefits to sweeten the White Castle package include: formal individual progress reviews at least every six months to determine performance and wage increase; supply of uniforms and laundry facilities; reimbursement for educational courses and all the meals eaten on duty, free of charge.

One of the biggest benefits and incentives to White Castle employees is its promotion system. According to Turley, every operational manager/supervisor position is filled by promotion from within.

Since all employees learn every function of operating a unit, the company uses the term "operator" rather than waiter or waitress. From the position of "operator" employees can be promoted as follows: shift manager, assistant unit supervisor, district supervisor and regional manager. Turley estimates it takes two years to be promoted from operator to assistant unit supervisor.

"However, some people don't want the headaches of a supervisory job. These people come in; work their shift and go home. These employees are the backbone of the company," he boasts.

The company measures its workers' productivity by tracking the sales per labor dollar and sales per labor hour.

Production innovation

The company also encourages suggestions from these hourly employees about a unit's production and operations. Turley notes that the best production innovation was suggested by one of the hourly employees working on the grill.

"When we first introduced frozen meat patties," he recalls, "a grill man on duty noticed the patty cooked faster when it was broken. This led to the development of our patented process of putting four holes into each beef square. This allows the burger to cook completely without turning and heats the bun."

White Castle also provides its employees with a code of ethics. This philosophy states: ". . . work well, excell, fit into the group, be worthy of the other person's consideration and take pride in your work . . ."

"While this may sound corny, this type of ethic attracts a certain type of individual. We work on the theory that the cream will rise to the top and the rest will fall to the wayside," adds Turley.

continued on page 141

The Productivity Push

continued from page 102

Subconscious desires

Personnel studies indicate that there are nine subconscious desires shared by all. They are: recognition of efforts, creative outlets, sense of personal power, sense of roots and belonging, new experiences, immortality, ego gratification and love.

Although the restaurant industry can do little about fulfilling the last four desires, management can utilize the first five as powerful motivators to boost productivity.

While monetary rewards act as incentives, most employees are willing to accept payment they believe is competitive for the industry in which they work.

But certain incentives can't be bought and have nothing to do with money. They include: recognition for a job well done (at Red Lobster, for example, outstanding service is recognized through a letter from the company president, financial reward or an item in the company publication); solicitation of ideas and suggestions; job rotation to prevent boredom and allow employees more knowledge of restaurant operations; delegation of responsibility; and employee parties and/or competitive sport teams to provide a sense of belonging.

Forceful "push"

Productivity is a confusing and often frustrating problem. But there can be no doubt that as one of the largest employers of human resources, the restaurant industry is compelled to join other U.S. businesses in a search for the solution.

People respond to the treatment accorded them. If restaurateurs continue to regard employees as "transitory;" if they continue to regard their staffs as unproductive yet offer no incentives or fail to provide goals, they will create their own self-fulfilling, self-destructive prophecy.

A forceful "push" to boost the nation's and the industry's sagging productivity levels must begin *today* with a concerted effort from top management as well as hourly employees. ☐

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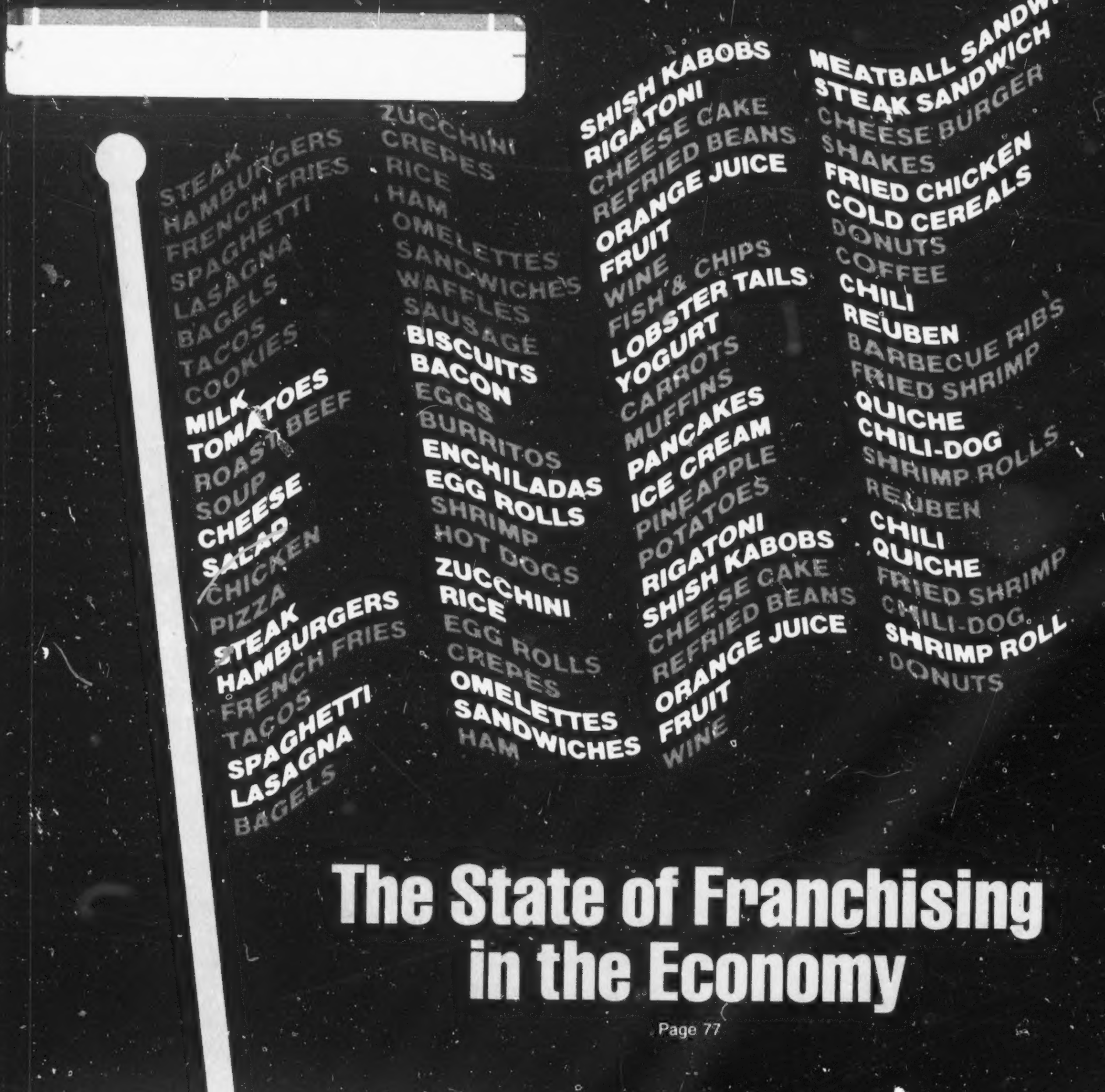
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MEATBALL SANDWICH
STEAK SANDWICH
CHEESE BURGER
SHAKES
FRIED CHICKEN
COLD CEREALS
DONUTS
COFFEE
CHILI
REUBEN
BARBECUE RIBS
FRIED SHRIMP
QUICHE
CHILI-DOG
SHRIMP ROLLS
REUBEN
CHILI
QUICHE
FRIED SHRIMP
CHILI-DOG
SHRIMP ROLL
DONUTS

The State of Franchising in the Economy

Page 77

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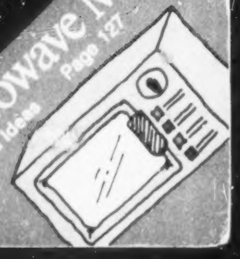
Microwave Magic

Menu Ideas Page 127



Restaurant Business

MARCH 15, 1981 VOL. 80, NO. 4

Contents

COVER STORY

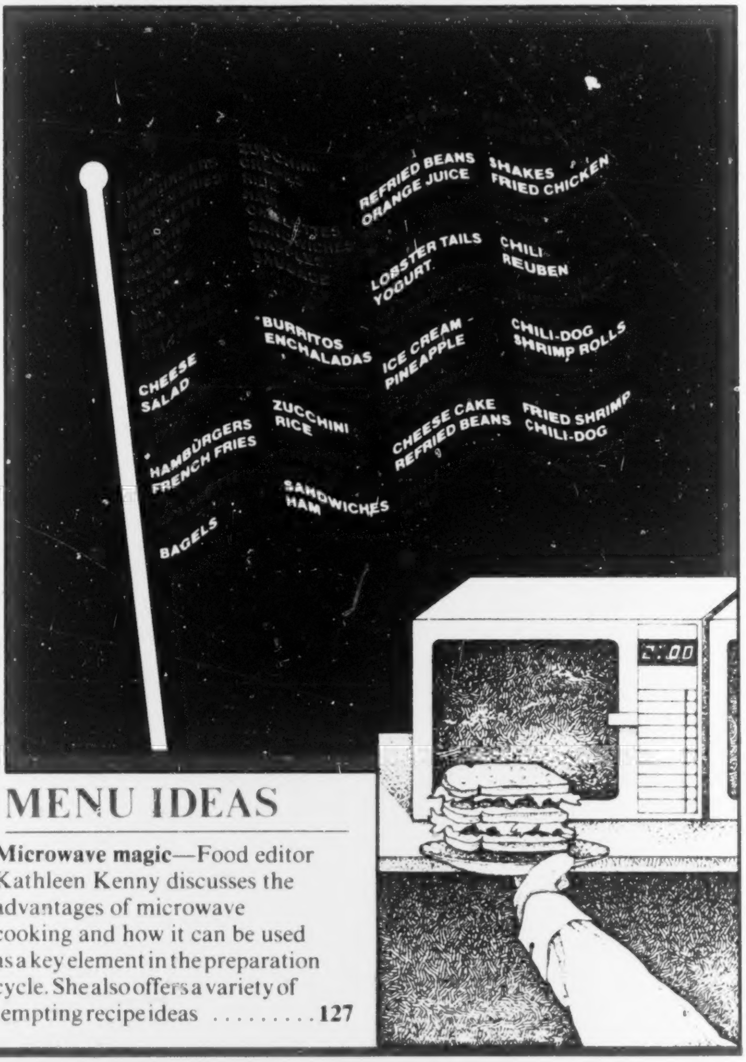
The state of franchising in the economy—Our 16th Annual Franchising Issue includes progress reports on more than 12 franchisors; data from the U.S. Department of Commerce; and a legal update 77

FEATURES

Steak chain shifts to hard sell promos—Mr. Steak's new marketing strategy is the most aggressive approach to sales promotion that the company has ever undertaken 58

Foodservice giants dominate franchising litigation—An analysis of the Federal Trade Commission's franchising rule plus a review of several individual cases involving major fast food chains which have produced key decisions in franchising are highlighted 66

Franchising under strain—The number of independent associations representing franchisees has grown and with them comes an increased awareness of the problems inherent in the franchise relationship forcing key issues into the legislative arena 112


REFRIED BEANS
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CHILI-DOG
SHRIMP ROLLS
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ZUCCHINI
RICE
CHEESE CAKE
REFRIED BEANS
FRIED SHRIMP
CHILI-DOG
HAMBURGERS
FRENCH FRIES
SANDWICHES
HAM
BAGELS
2:00

MENU IDEAS

Microwave magic—Food editor Kathleen Kenny discusses the advantages of microwave cooking and how it can be used as a key element in the preparation cycle. She also offers a variety of tempting recipe ideas 127

DEPARTMENTS

Legal Tips 2

RB Insights 12

Editorial—The legacy of franchising 18

Foodservice calendar 21

Up Front 23

Menu Planners Guide—Ideas from the RB Test Kitchen 32

Tax Bite—Reagan's economic wheel of fortune 48

Management Psychology—Guidelines for change 64

Drafts, Carafes & Spirits—Complements for imported beers 119

Bar Management Guide—New spirits, mixers and bar equipment 122

Buyer's Circle—The latest in foodservice equipment 124

Raising Your Equipment I. Q.—Cooking equipment of the future 135

Cover by Joan Dworkin

Restaurant franchising in the economy

"Franchising in the Economy, 1979-1981," is an updated study about franchising in the United States which is issued annually by the Department of Commerce. Each March *Restaurant Business* publishes excerpts from the survey results which pertain to franchised restaurants. The report and tables are prepared by Andrew Kostecka of the Service Industries Division, Bureau of Industrial Economics, which is under the supervision of Wray O. Candilis, director.

Franchising, as a method of distribution, has become a significant part of the U.S. economy, comprising numerous categories of commercial enterprise and including all of the ingredients of the marketing system—planning, production, packaging, pricing, promotion, advertising, selling, buying and competing.

It is perhaps the only form of business organization that, by its very nature, tends to create new business units. When the franchisee joins the franchise system, the new tradename, the acquisition of a distinctive business appearance, and the standardization of products, services, and operations procedures lead to the birth of a new enterprise for the express purpose of marketing the franchisor's products or services.

To follow this rapidly growing industry, the Bureau of Industrial Economics of the U.S. Department of Commerce has conducted its tenth annual survey of franchisors, the only one of its kind in the country. It is based on individual returns from 1,459 firms representing the vast majority of business format franchising sales and establishments in the United States.

Persistent inflationary pressures, unprecedented fluctuations in interest rates, and a sharp recession were among the major economic developments affecting franchising in 1980. Declines were experienced by some industries, especially those related to motor vehicles and homebuilding.

Although the '80s will continue to offer numerous franchise opportunities, they are expected to be somewhat less vigorous than the '70s partly due to a slower rise in the labor force, more competition among franchisors, increased costs, and changes in consumer spending habits.

Numerous acquisitions in the franchising field are taking place, with foreign corporations entering the scene in greater numbers.

Recent economic conditions have forced a general profit squeeze on many types of small business that has resulted in many independent firms turning to franchising. In 1979, the net number of companies entering the franchise system has shown a five percent increase over the previous year; this trend is expected to continue in the early 1980s.

Franchise sales of goods and services by all franchising companies are expected to reach $376 billion in 1981, an increase of 21 percent over the sales reported for 1979, while the number of establishments will be approximately 476,000 in 1981, up from 452,000 in 1979. Employment in franchising, including part-time workers and working proprietors, is estimated at 4.6 million in 1979.

Product and tradename

Traditional types of franchising, otherwise known as product and tradename franchising, consist, primarily, of product distribution arrangements in which the franchisee is to some degree identified with a manufacturer's supplies.

Typical of this segment are automobile and truck dealers, gasoline service stations, and soft drink bottlers. Together they dominate the franchise field, accounting for over 76 percent of all franchise sales for 1981.

Total sales by product and tradename franchisors are expected to reach an estimated $287 billion in 1981 compared with $254 billion in 1980 and $240 billion in 1979. The number of establishments, however, is expected to decline in 1981 to 185,800 from about 200,000 in 1979, mainly due to closings of gas-

Dept. of Commerce Report

continued from page 87

RESTAURANT FRANCHISING: 1979-1981

Major Activity	Firms	1979		
		Total	Company-Owned	Franchisee-Owned
Total	399	$24,765,916	$8,076,401	$16,689,515
Chicken	32	2,258,017	739,354	1,518,663
Hamburgers, Franks, Roast Beef, etc.	112	12,740,586	3,066,896	9,673,690
Pizza	73	2,141,618	821,046	1,320,572
Mexican (Taco etc.)	28	694,514	322,758	371,756
Seafood	11	773,736	317,572	456,164
Pancakes, Waffles	16	726,429	204,180	522,249
Steak, Full Menu	94	5,225,166	2,575,335	2,649,831
Sandwich and Other	33	205,850	29,260	176,590

* *Estimated by respondents for 1980 and 1981.*

RESTAURANT FRANCHISING: 1979-1981

Major Activity	1979			
	Firms	Total	Company-Owned	Franchisee-Owned
Total	399	58,936	16,884	42,052
Chicken	32	7,075	1,990	5,085
Hamburgers, Franks, Roast Beef, etc.	112	27,310	5,153	22,157
Pizza	73	8,407	3,285	5,122
Mexican (Taco, etc.)	28	2,477	1,050	1,427
Seafood	11	2,383	965	1,418
Pancakes, Waffles	16	1,600	427	1,173
Steak, Full Menu	94	8,487	3,788	4,699
Sandwich and Other	33	1,197	226	971

* *Data estimated by respondents for 1980 and 1981.*

Sales of franchised restaurants of all types reached $28 billion in 1980, up 12 percent over 1979; they are expected to jump about 14 percent to $31 billion in 1981

U.S. FRANCHISED RESTAURANTS, 1979-1981 SUMMARY

Item	1979	1980*	1981*	Percent Changes	
				1979-80	1980-81
Total number of establishments:	58,936	63,001	68,558	6.9	8.8
Company-owned	16,884	17,835	19,175	5.6	7.5
Franchisee-owned	42,052	45,166	49,383	7.4	9.3
Total sales of products and services: ($000)	24,765,916	27,715,761	31,486,881	11.9	13.6
Company-owned	8,076,401	8,921,173	10,028,787	10.5	12.4
Franchisee-owned	16,689,515	18,794,588	21,458,094	12.6	14.2
Total sales of products and services by Franchisors to Franchisees: ($000)	708,319	816,138	1,045,288	15.2	28.1
Merchandise (non-food) for resale	29,195	29,805	43,146	2.1	44.8
Supplies (such as paper goods, etc.)	233,019	279,189	345,009	19.8	23.6
Food ingredients	400,135	479,160	622,543	19.7	29.9
Other	45,970	27,984	34,590	—39.1	23.6

**Date estimated by respondents.*

SALES ($000)

1980*			1981*		
Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
$27,715,761	$8,921,173	$18,794,588	$31,486,881	$10,028,787	$21,458,094
2,453,343	819,477	1,633,866	2,697,441	921,500	1,775,941
14,564,882	3,467,298	11,097,584	16,701,359	3,938,811	12,762,548
2,354,486	891,500	1,462,986	2,734,770	1,032,201	1,702,569
750,783	342,297	408,486	823,138	366,568	456,570
853,296	371,245	482,051	957,284	435,644	521,640
806,566	233,783	572,783	917,852	271,586	646,266
5,681,244	2,762,048	2,919,196	6,331,601	3,023,137	3,308,464
251,161	33,525	217,636	323,436	39,340	284,096

NUMBER OF UNITS

1980*			1981*		
Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
63,001	17,835	45,166	68,558	19,175	49,383
7,545	2,145	5,400	8,174	2,333	5,841
29,148	5,422	23,726	31,382	5,859	25,523
9,029	3,412	5,617	10,102	3,676	6,426
2,668	1,107	1,561	2,933	1,169	1,764
2,531	1,072	1,459	2,745	1,777	1,568
1,720	469	1,251	1,886	530	1,356
8,989	3,975	5,014	9,672	4,176	5,496
1,371	233	1,138	1,664	255	1,409

oline stations and mergers of existing franchised bottling plants.

Business format

This form of business activity is typical of the newer types of franchising that range from restaurants and non-food retailing to lodging, personal and business services, rental services, and real estate services.

In business format franchising a franchisor establishes a fully integrated relationship that includes not only product, service, and trademark but also a marketing strategy and plan, operating manuals and standards, quality control, and a communications system that provides for information feed-forward and feed-back.

Sales of business format franchisors are expected to be around $90 billion in 1981 compared with $79 billion in 1980 and $72 billion in 1979. In contrast to product and tradename franchises, the number of establishments of business format franchises is expected to increase to almost 291,000 in 1981 from about 253,000 units in 1979.

Sales of products and services by business format franchisors to their franchisees totaled $5.8 billion in 1979 and might rise to about $6.5 billion by 1981.

Franchisor sales of merchandise for resale were largest in the automotive products and services category—$2.2 billion in 1979—followed by non-food retailing—$1.8 billion.

Franchising sales of food ingredients amounted to $1.1 billion in 1979 of which $400 million went to restaurants and $541 million to food retailers other than convenience stores.

During the period 1973 to 1978, business format franchises, as an aggregate, increased their sales in real dollars by an average annual factor of 6.2 percent, while the Gross National Product and overall retail sector increased at average annual rates of 2.5 percent and 2.3 percent, respectively, according to a study by the International Franchise Association based on Department of Commerce data.

The study involved adjusting franchise sales figures from the Department of Commerce for inflation and comparing them with similarly adjusted figures for retailing and the economy in general. Interviews were also conducted with a number of industry sources.

The study revealed that over the period 1970 to 1980, franchising increased its share of the GNP from 10 percent to 15 percent. In 1980, franchising's share of the retail market stood at about one-third.

Industries leading the way in expansion were food specialties (baked goods, ice cream, delicatessens, etc.) restaurants, real estate, business services (printing, accounting, tax preparation, and temporary employment) and convenience stores.

In these categories, franchised units increased their sales volumes at a quicker pace than the average for all those stores in the category as a whole—both franchised and non-franchised.

Trends

Franchising will continue to be a driving force in the business world especially in the business format franchise sector of the retail and service industries during the 1980s.

Paving the way for franchising's continual growth is an increasing

continued on page 96

TOP 25 FRANCHISE RESTAURANT SYSTEMS

1979-80 systemwide sales by company and franchise
(Sales in millions of dollars)

Franchise system	1979		1980		% Change
McDonald's	$5,385.	(1,495.c/3,890.f)	6,226.	(1,698.c/4,528.f)	15.6%
Kentucky Fried Chicken**	1,346.	(246.c/1,100.f)	1,973.	(273.c/1,700.f)	46.6
Burger King**	1,463.	(294.c/1,169.f)	1,844.	(341.c/1,503.f)	26.0
Wendy's	1,002.	(238.c/764.f)	1,209.	(310.c/899.f)	20.7
International Dairy Queen	926.	(1.2c/924.8f)	1,190.	(1.5c/1,188.5f)	28.5
Pizza Hut	829.	(433.9c/395.1f)*	902. *	(463.c/439.f)*	8.8
Big Boy	770.	(139.5c/630.5f)*	800.	(145.c/655.f)	3.9
Hardee's**	617.9	(204.2c/413.8f)	751.6	(262.6c/489.f)	21.6
Ponderosa**	406.9	(268.5c/138.4f)	481.5	(317.8c/163.7f)	18.3
Arby's	433.	(71.3c/361.7f)*	480. *	(82.8c/397.2f)*	10.9
Church's	408.3	(348.4c/59.9f)	465.5*	(391.8c/73.7f)*	14.0
Howard Johnson's	421.3	(306.6c/114.7f)*	444.4*	(326.1c/118.3f)*	5.5
Taco Bell	320.	(165.6c/154.2)*	410. *	(230.c/180.f)*	28.1
Bonanza	378.	(15.c/363.f)	395.	(0.c/395.f)	4.5
Long John Silver's**	342.9	(177.9c/164.7f)	386.6	(218.6c/168.f)	12.7
Burger Chef**	325.5	(93.2c/232.3f)	337.	(109.c/228.f)	3.5
Western Sizzlin**	278.1	(4.3c/273.8f)	323.0*	(4.6c/318.4f)	16.1
Dunkin Donuts**	283.8	(29.6c/254.2f)	311.7	(26.3c/285.4f)	9.8
Sonic Drive Ins**	275.*	(29.c/246.f)*	279. *	(28.c/251.f)*	1.5
Sizzler**	225.9	(70.3c/155.6f)	259.	(83.3c/175.2f)	14.7
Arthur Treacher's	226.3	(48.4c/177.9f)	247. *	(49.c/198.f)*	9.1
A & W**	273.	(1.c/272.f)	246.	(1.c/245.f)	(9.9)
Perkin's 'Cake & Steak	223.7	(72.c/151.7f)	243.6	(86.4c/157.2f)	8.9
International House of Pancakes	205.6	(11.4c/194.2f)	213.6	(32.7c/180.9f)	3.9
Pizza Inn	189.	(89.9c/99.1f)	202.5	(96.5c/106.f)	7.1

1979-80 systemwide units by company and franchise

Franchise system	1979		1980		% Change
McDonald's	5,747	(1,547c/4,200f)	6,263	(1,608c/4,655f)	9.0%
Kentucky Fried Chicken**	4,254	(743c/3,511f)	4,276	(769c/3,507f)	0.5
Burger King**	2,439	(439c/2,000f)	2,766	(444c/2,322f)	13.4
Wendy's	1,818	(433c/1,385f)	2,034	(506c/1,528f)	11.9
International Dairy Queen	4,860	(6c/4,854f)	4,850	(6c/4,844f)	(0.2)
Pizza Hut	3,749	(1,947c/1,802f)	3,803	(1,930c/1,873f)	1.4
Big Boy	1,100	(195c/905f)	1,150	(205c/945f)	4.5
Hardee's**	1,231	(449c/782f)	1,320	(491c/829f)	7.2
Ponderosa**	636	(426c/210f)	681	(450c/231f)	7.0
Arby's	928	(138c/790f)	1,051	(120c/930f)	13.3
Church's	1,125	(897c/228f)	1,260	(987c/273f)	12.0
Howard Johnson's	867	(631c/236f)	843	(621c/222f)	(2.8)
Taco Bell	1,100	(591c/509f)	1,270	(736c/534f)	15.5
Bonanza	680	(0c/680f)	674	(0c/674f)	(0.9)
Long John Silver's**	1,007	(515c/492f)	1,033	(578c/455f)	2.6
Burger Chef**	803	(226c/577f)	751	(244c/507f)	(6.5)
Western Sizzlin**	400*	(6c/394f)	450*	(6c/444f)	12.5
Dunkin Donuts**	1,007	(95c/912f)	1,055	(65c/990f)	4.8
Sonic Drive Ins	1,182	(149c/1,033f)	1,123	(126c/997f)	(5.0)
Sizzler**	402	(106c/296f)	452	(128c/324f)	12.4
Arthur Treacher's	777	(157c/620f)	732	(159c/573f)	(5.8)
A & W**	1,437	(3c/1,434f)	1,318	(3c/1,315f)	(8.3)
Perkins 'Cake & Steak	359	(94c/265f)	373	(106c/267f)	3.9
International House of Pancakes	468	(28c/460f)	500	(112c/388f)	6.8
Pizza Inn	747	(357c/390f)	747	(346c/401f)	0

Above data includes U.S. and foreign sales and units

** Data estimated by* ***Restaurant Business***

*** Fiscal year-end results (remainder are calendar year-end results)*

Dept. of Commerce Report

continued from page 89

The 1980s should see a greater influx of foreign franchisors penetrating the U.S. market from Canada, and also from the United Kingdom, Europe and Japan.

population with more leisure time and with stronger inclinations toward recreation activities of all types.

Ethnic food restaurants are expected to move into the marketplace in increasing numbers, along with hair styling salons, retail stores featuring technological items such as home computers, and franchises that concentrate on convenience and specialization.

The 1980s should see a greater influx of foreign franchisors penetrating the U.S. market mostly from Canada, but also from the United Kingdom, Continental Europe, and Japan; they will be specializing in restaurants, clothing, furniture, and automotive products and services.

The acquisition pace in franchising remains strong as large corporations and conglomerates intensify their attempt to take over independent franchising chains. Diversification into franchising is becoming a key strategy for these large organizations.

The most significant trend in franchised regulation is a renewed effort by state franchise law administrators and the Federal Trade Commission staff to make state registration and disclosure (where applicable) more uniform and less costly to franchisors.

The franchise committee of the

continued on page 98

RESTAURANT FRANCHISING
GROWTH IN SALES, 1975-1980
(SALES: $000)

Major Activity	Total sales			Company-owned			Franchisee-owned		
	$ 1975	1980*	% Change	1975	1980*	% Change	1975	1980*	% Change
Total	$11,472,935	$27,715,761	142%	$3,787,925	$8,921,173	136%	$7,685,010	$18,794,588	145%
Chicken	1,329,200	2,453,343	85	448,855	819,477	83	880,345	1,633,866	86
Hamburgers, Franks, Roast Beef	6,471,848	14,564,882	125	1,680,429	3,467,298	106	4,791,419	11,097,584	132
Pizza	886,135	2,354,486	166	350,040	891,500	155	536,095	1,426,986	173
Mexican	197,773	750,783	280	82,346	342,297	316	115,427	408,486	254
Seafood	260,061	853,296	228	104,105	371,245	257	155,956	482,051	209
Pancakes, Waffles	301,815	806,566	167	54,495	233,783	329	247,320	572,783	132
Steak, Full Menu	1,979,518	5,681,244	187	1,063,830	2,762,048	160	915,688	2,919,196	219
Sandwich and Other	46,585	251,161	439	3,825	33,525	776	42,760	217,636	409

Estimated by survey respondents for 1980. *Source: U.S. Dept. of Commerce, Restaurant Business*

RESTAURANT FRANCHISING
GROWTH IN NUMBER OF UNITS, 1975-1980

Major Activity	Total Units			Company-owned			Franchisee-owned		
	1975	1980*	% Change	1975	1980*	% Change	1975	1980*	% Change
Total	43,072	63,001	46%	11,168	17,835	60%	31,904	45,166	42%
Chicken	6,073	7,545	24	1,784	2,145	20	4,289	5,400	26
Hamburgers, Franks, Roast Beef	23,438	29,148	24	3,708	5,422	46	19,730	23,726	20
Pizza	4,993	9,029	81	2,035	3,412	68	2,958	5,617	90
Mexican	1,279	2,668	109	472	1,107	135	807	1,561	93
Seafood	1,078	2,531	135	428	1,072	150	650	1,459	124
Pancakes, Waffles	901	1,720	91	173	469	171	728	1,251	72
Steak, Full Menu	4,957	8,989	81	2,545	3,975	56	2,412	5,014	108
Sandwich and Other	353	1,371	288	23	233	913	330	1,138	249

Estimated by survey respondents for 1980 *Source: U.S. Dept. of Commerce, Restaurant Business*

continued from page 96

The hamburger segment dominates restaurant franchising, accounting for more than 52 percent of sales and 46 percent of units in 1980.

North American Securities Administrators Association, comprised of Administrators from states that have franchise laws, has adopted uniform registration guidelines which are expected to be approved by the individual states.

Also, under development is a revised "universal" disclosure document. When accompanied by a "State Addendum" this document should be acceptable to all franchise regulatory authorities.

Greater numbers of companies still look to franchising as an ideal system for growth, while both men and women look upon franchising as a means to become independent entrepreneurs under the protective umbrella of a firm that can offer instant identification. Consequently, the net number of franchisors entering the franchise system has been growing steadily and is expected to continue to do so in the early 1980s.

International markets

In recent years, American-style franchising has taken hold in many countries throughout the world especially Canada, Europe, Australia and Japan. Expansion into foreign markets by U.S. franchisors continues to exceed that of domestic franchising despite increased competition from local foreign firms and international firms.

Some of the reasons for the movement into foreign markets are changing consumer tastes, rising per capita income, higher standard of living, receptivity to the American style of franchising, increased consumer orientation, and population concentration.

A total of 275 U.S. business format franchising companies operated 19,449 outlets in foreign countries in 1979, compared to 266 franchisors with 17,156 in 1978. This interest in foreign markets by U.S. franchisors is expected to continue over the next few years, especially by smaller and medium sized franchisors marketing a variety of services and products.

An additional 106 franchising companies plan to expand their U.S. franchising operations into foreign countries by the end of 1981; 30 of these are restaurant franchisors while 16 are franchisors of automotive products.

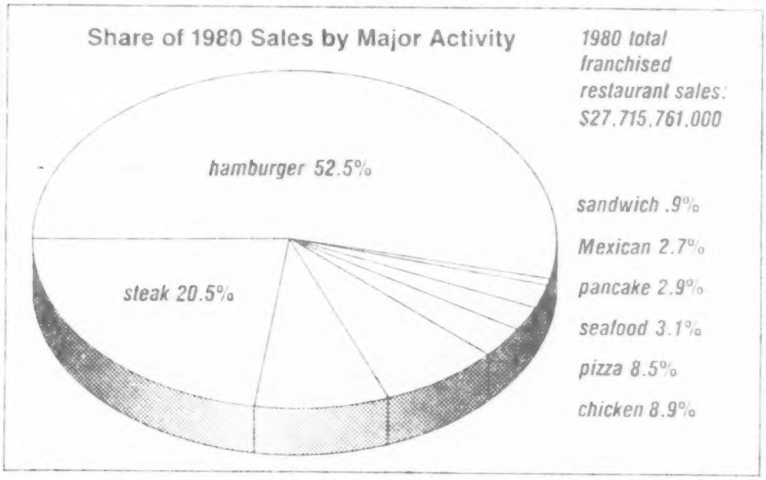
The form of entry into foreign markets varies considerably, with many firms using more than one method in conducting foreign operations. Of the 275 franchisors doing business in foreign countries in 1979, 261 sold their outlets to franchisees either directly or through a master licensee who received the right to develop the franchisor's system in a specific country or region, 22 operated joint ventures, and 32 had some company units.

Twenty-five of these companies derived 10 percent or more of their income from foreign operations, 24 firms received between 5-9 percent, 90 between 1-4 percent, and 136 received less than 1 percent.

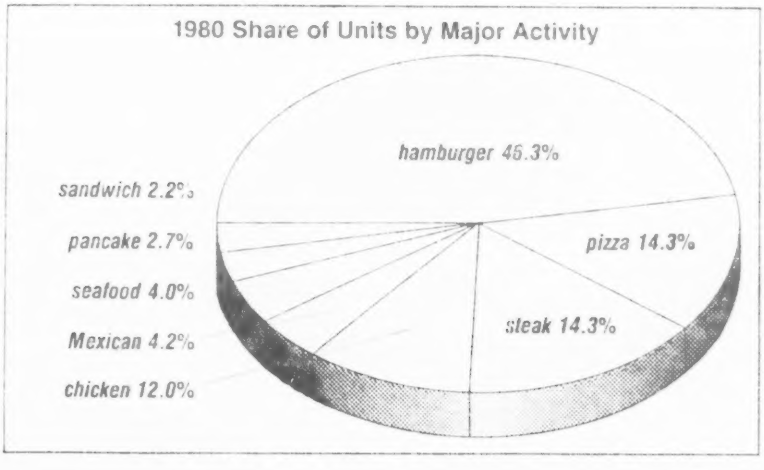
Canada is the dominant market for U.S. franchisors, with 38 per-

continued on page 102

Share of 1980 Sales by Major Activity



1980 Share of Units by Major Activity



continued from page 98

Franchised restaurant chains have increased their share of the eating place market from 29 percent to 42 percent in the last five years.

cent of all U.S. foreign franchised outlets located there. A total of 204 franchising firms with 7,324 units operated in Canada in 1979, predominately in non-food retailing (1,661), restaurants of all types, (1,383), and automotive products and services (1,213).

Japan continues to be the second largest market for U.S. franchisors with a total of 3,183 units of which 72 percent represent various food categories such as restaurants, donut shops, ice cream stores, and convenience food stores.

The United Kingdom ranks third with 2,321 outlets, while 2,649 outlets are located in all of Continental Europe.

Changes in ownership

Changes in ownership in 1979 involved 10,855 units belonging to 715 franchisors. These changes included conversions to franchisee-owned or to company-owned operations, and discontinuation of either company-owned or franchisee-owned outlets.

Specifically, 710 outlets were purchased for company ownership while 1,052 were converted to franchisee ownership. As in previous years the largest portion of these changes occurred in the restaurant sector of franchising.

The number of establishments discontinued in 1979 stood at 9,093, of which 1,487 were company-owned and 7,606 franchisee-owned.

Since 1975, the trend in franchising has reflected an increase in conversions of company-owned units to franchisee-ownership, and as in previous years, the survey shows that most units repurchased for company ownership were temporary buybacks for a multitude of reasons, the least of which was the company's desire to withdraw from the franchise system or operate these units permanently themselves.

Failures and departures

A total of 42 franchisors operating 3,744 outlets failed during 1980, according to the U.S. Department of Commerce survey. The volume of 1979 sales for the 42 firms that failed in 1980 amounted to $498 million, of which the franchisee-owned portion was $467 million. Compared to total business format franchising sales of $72 billion, the $498 million represents only 0.7 percent of this segment's sales.

In addition, 74 companies decided in 1980 to discontinue franchising as a method of doing business; these companies operated 5,661 units in 1979 with $956 million in sales, of which 5,192 outlets with $783 million in sales were franchisee-owned.

Renewals, terminations

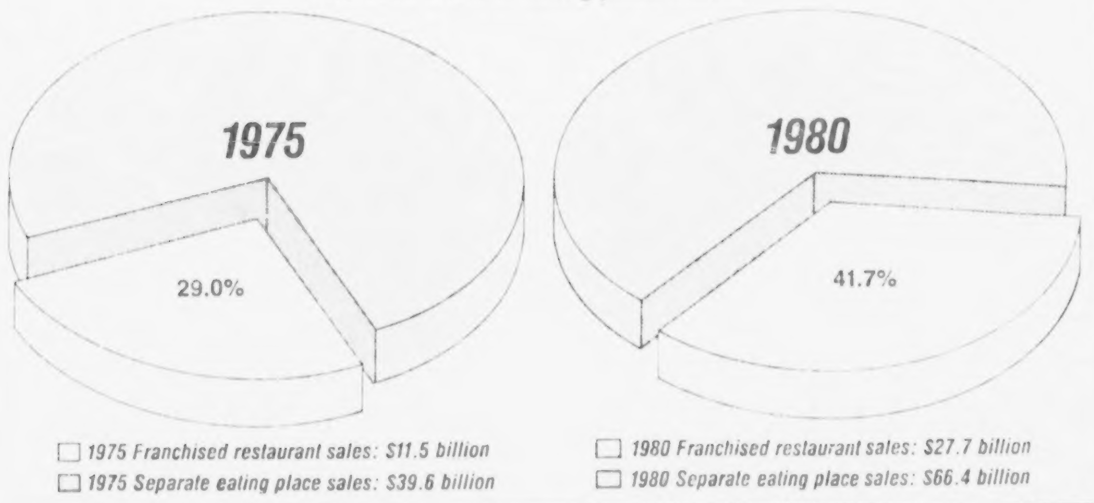
In 1979, 15,364 franchise arrangements came up for renewal, of which 14,126 or 92 percent were renewed and 1,238 franchisees were not. Of the latter, 169 were not renewed because of objections by the franchisor, 615 because the franchisee did not wish to renew, and 454 because of mutual agreement.

There were 7,480 terminations of franchise agreements in 1979, of which 2,634 were terminated by franchisors—1,434 for non-pay-

continued on page 104

FRANCHISED RESTAURANT CHAINS

Increase share of eating place market



continued from page 102

> Employment in the franchised restaurant industry should increase steadily during the 1980s as restaurant units grow at about 8 percent annually.

ment of royalties or other financial obligations, 85 for the franchisee's failure to comply with quality control standards, and 1,115 for other reasons not identified.

Franchisees were responsible for terminating 3,701 franchise agreements while an additional 1,145 were terminated by mutual consent.

A total of 3,388 franchisees in 1979 asked permission from their franchisors to sell their franchises to other businesspersons; all but 44 transfers were approved.

Retail sales of all firms associated with the franchise system—franchisee-owned and company-owned—reached an estimated $295 billion in 1980, and accounted for 31 percent of all retail sales in the U.S. In 1981, retail franchising is expected to reach $333 billion, a rise of 13 percent over 1980. Retail franchising accounts for 88 percent of all franchising gross receipts.

Restaurant franchising

Franchised restaurants of all types, including fast food, continue to be the best known and most popular sector of business format franchising. Stepped-up activity is evident in such areas as increasing customer counts, introduction of new products, store upgrading or modernization programs, and expanding menus.

Sales of franchised restaurants of all types reached $28 billion in 1980, up 12 percent over a year earlier; they are expected to jump about 14 percent to $31 billion in 1981. Franchised restaurants numbered 58,936 in 1979, increased to 63,001 in 1980 and are expected to rise to about 68,500 units in 1981.

The highest concentration of franchised restaurants continues to be in California, Texas, and Ohio.

Employment in the franchised restaurant sector stood at 1,497,283 in 1979 up from the 1,367,637 individuals employed a year earlier, a rise of almost 10 percent. Employment in the franchised restaurant industry should increase steadily during the 1980s as restaurant units grow at an average annual rate of about 8 percent over the next few years; this, in response to population growth and to increased spending for food and beverages outside the home.

In 1979, employment in the franchised restaurant sector accounted

continued on page 106

U.S. FRANCHISED RESTAURANTS*
Number of Establishments by State: 1979

State	Total	Company-Owned	Franchisee-Owned	State	Total	Company-Owned	Franchisee-Owned
Alabama	770	164	606	Nebraska	499	136	363
Alaska	86	3	83	Nevada	234	81	153
Arizona	757	234	523	New Hampshire	135	30	105
Arkansas	640	124	516	New Jersey	971	144	827
California	5,376	1,488	3,888	New Mexico	403	67	336
Colorado	996	273	723	New York	2,016	560	1,456
Connecticut	430	95	335	North Carolina	1,290	263	1,027
Delaware	97	16	81	North Dakota	177	16	161
District of Columbia	86	32	54	Ohio	3,025	1,101	1,924
Florida	2,359	753	1,606	Oklahoma	1,096	422	674
Georgia	1,712	671	1,041	Oregon	728	197	531
Hawaii	150	60	90	Pennsylvania	1,687	437	1,250
Idaho	237	36	201	Rhode Island	107	27	80
Illinois	2,674	761	1,913	South Carolina	744	206	538
Indiana	1,831	460	1,371	South Dakota	199	24	175
Iowa	1,105	150	955	Tennessee	1,271	402	869
Kansas	813	202	611	Texas	5,128	1,735	3,393
Kentucky	1,143	280	863	Utah	355	89	266
Louisiana	877	268	609	Vermont	47	0	47
Maine	120	31	89	Virginia	1,278	402	376
Maryland	650	204	446	Washington	880	240	640
Massachusetts	619	172	447	West Virginia	420	122	298
Michigan	2,367	661	1,706	Wisconsin	1,155	228	927
Minnesota	1,164	310	854	Wyoming	136	15	121
Mississippi	601	89	512				
Missouri	1,269	392	877				
Montana	189	12	177	TOTAL	53,099	14,885	38,214

** Represents 90 percent of total establishments.*
The remaining 10 percent were unable to provide a geographic breakdown for this report.

Circle No. 59 →

continued from page 104

> In 1979, there were almost 400 companies franchising restaurants.

for almost 33 percent of total franchising employment, more than any other franchise sector. Furthermore, franchised restaurant employees accounted for an estimated 40 percent of all persons employed in eating places in the United States.

The entry into the restaurant franchising system mostly by small companies continued in 1979 with a net gain of 11 franchisors, bringing the total to 399.

During 1980, 11 franchisors with a total of 253 restaurants, 190 franchisee-owned, went out of business while 11 franchisors with a total of 238 restaurants, 42 franchisee-owned, decided to abandon franchising as a method of marketing.

Big franchisors with over 1,000 units each increased to 14 in 1979 from 11 a year earlier. These 14 franchisors had 32,435 restaurants, 55 percent of all franchised restaurants, and accounted for $14.7 billion in sales, 58 percent of the total. Compared with 1978, the 11 franchisors with over 1,000 units each, had 50 percent of the total units and 54 percent of the sales.

In an effort to improve sales volume, many franchised restaurant chains are attempting to build a breakfast following. Some are augmenting their breakfast menu mix hoping to boost sales while others are testing or introducing limited breakfast menus. It should be observed, however, that the value that can be derived from experimentation in breakfast menus as a way of improving customer counts, has by no means been universally accepted.

Motivated by a desire to increase earnings, large franchised restaurant chains as well as medium and small franchisors are either expanding their business overseas or entering these markets for the first time. Chain penetration of foreign firms is low in most countries thus creating greater opportunities for U.S. franchisors.

Despite high real estate costs, national eating habits, high labor costs in some countries, consumer resistance, and intense competition, American restaurant franchisors are moving into foreign markets at a rapid rate. In 1979, 55 restaurant franchisors operated 3,912 units throughout the world. Another 30 franchisors plan to extend their operations to foreign countries by the end of 1981.

Canada is the largest market for franchisors of restaurants, followed by Japan, the United Kingdom and Continental Europe.

Convenience stores

Strong growth is being experienced by convenience stores both in the number of stores and the dollar volume, providing the many "fill-in" items that consumers need in-between their regular excursions to the supermarkets.

Growing numbers of convenience stores are realizing extra sales by installing on their premises gasoline pumps, usually self-service.

In order to increase sales volume and compete with fast food restaurants, convenience stores are offering a wide variety of takeout foods such as hot and cold sandwiches, coffee, chicken, limited fare of hot dogs, and an assortment of other dishes, pre-cooked by the supplier and requiring only reheating or reconstituting in a microwave oven.

Despite intensified competition from supermarkets offering extended hours and Sunday shopping, franchised convenience stores are growing steadily both in sales and outlets. Sales moved up to $6.9 billion in 1980, 13 percent above a year earlier while the number of franchised establishments were reported to be 15,543. Further gains are expected in 1981; 10 percent in sales and 6 percent in number of establishments.

Food retailing

The retailing of food by specialty

continued on page 108

INTERNATIONAL RESTAURANT FRANCHISING IN 1979
Location and Number of Establishments*

Major Activity	U.S. Firms	Total	Canada	Mexico	Caribbean	Europe		Asia		Australia	Other**
						United Kingdom	Other	Japan	Other		
Total	55	3,932	1,383	95	148	494	212	801	159	422	218
Chicken	8	1,171	82	52	70	284	28	258	59	193	145
Hamburgers, etc.	14	2,006	945	12	59	197	183	374	58	131	47
Pizza	6	288	50	13	13	7	1	49	37	93	25
Mexican	4	4	1	0	2	0	0	0	1	0	0
Seafood	4	126	123	0	0	0	0	3	0	0	0
Pancakes, etc.	3	13	6	0	0	0	0	6	1	0	0
Steak, full menu, etc.	15	323	175	18	4	6	0	111	3	5	1
Sandwich, others	1	1	1	0	0	0	0	0	0	0	0

* *Includes company-owned, franchisee-owned, and joint ventures.*

** *Includes South America (9) Africa (101) New Zealand (53) Central America (55).*

Source: U.S. Dept. of Commerce.

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Dept. of Commerce Report
continued from page 106

Hotels/motels in 1979 enjoyed their highest occupancy in 20 years.

food shops, donut shops, ice cream stores, coffee services, and others, amounted to $7.2 billion in 1980, 10 percent over the previous year; sales in 1981 are expected to reach $7.9 billion. The number of establishments in 1980 was 15,274, expected to rise to 16,292 in 1981.

Two of the better known groups in this category are donut shops and ice cream stores.

In 1979, there were 17 franchisors of donut shops providing jobs for 28,112 workers. Sales and establishments for donut shops for the years 1979-81 are listed in the accompanying tables.

The sales and units of the 26 franchisors of ice cream stores, who in 1979 created employment for 40,325 persons, are also listed in the accompanying tables.

Prior to 1976, the repurchasing of franchisee-owned restaurant units surpassed that of company units converted to franchisee-owned units. This trend seems to have reversed itself in 1976, as shown in the accompanying tables.

In order to compete with other restaurant chains, many franchise operators have become more customer oriented and are offering such amenities as waiter/waitress service or self/drive-in/drive thru service. Most restaurants offer one type or the other, but 20 franchisors offer both types of services, although one type clearly dominates.

Of the 399 restaurant franchisors in 1979, 252 operated predominately self-service establishments and 147 operated predominately waitress-service establishments.

Hotels and motels

Hotels and motels in 1979 enjoyed their highest occupancy level in 20 years. Motels, generally lower priced than hotels, have consistently held a higher occupancy rate than hotels, but in 1979 their rates were almost the same, 71 percent for motels compared with 72 percent for hotels.

The hotel and motel industry should show continued strength during the next few years reflecting a concerted effort for accommodating the international traveler as well as travelers of specific age groups.

Hotel and motel franchisors in 1980 represented 5,573 establishments with receipts estimated at $7.4 billion. Survey respondents expect that receipts will rise 10 percent in 1981, to an estimated $8.1 billion.

In 1980, franchised hotels and motels account for an estimated 31 percent of employment and receipts of the entire hotel and motel industry.

DONUT SHOPS *(17 franchisors)*

	Sales ($000)			Units		
	Total	Company-owned	Franchisee-owned	Total	Company-owned	Franchisee-owned
1979	555,058	48,750	506,308	2,317	191	2,126
1980*	602,546	54,435	548,111	2,436	196	2,240
1981*	668,015	61,590	606,425	2,595	209	2,386

ICE CREAM STORES *(26 franchisors)*

	Sales ($000)			Units		
	Total	Company-owned	Franchisee-owned	Total	Company-owned	Franchisee-owned
1979	598,509	21,347	577,162	5,355	112	5,243
1980*	673,380	19,321	654,059	5,630	93	5,537
1981*	762,935	19,745	743,190	6,399	94	6,305

** Estimated by respondents.*

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Restaurant Business

May 1, 1981

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FACING THE CONSTRAINTS ON GROWTH

Restaurant Business

Roundtable I

The economic signposts tell us our industry has reached a strategic crossroads. Increases in the food-away-from-home CPI, oil prices, and interest rates—combined with declines in disposable income—have resulted in customer count drops. In spite of these problems, industry leaders in a special Roundtable convened by *Restaurant Business* found reasons for optimism.

page 171

3

Ethnic Foods
page 281

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J MCNALLY
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Restaurant Business

MAY 1, 1981 VOL. 80, NO. 6

Contents

COVER STORY

Facing the Constraints on Growth—This RB Roundtable brings together a select group of industry leaders and experts to discuss strategic planning in the 1980s 171

MENU IDEAS

Ethnic Enticements—Food Editor Kathleen Kenny explores Mexican, Mideast and Polynesian foods 281

FEATURES

New theories on motivating franchisees—A look at how franchisors can improve relations with their operators . . 233

Paul Robinson: Houlihan's master of design—A revealing account of how the creator of the first Houlihan's designs Gilbert/Robinson's theme restaurants 204

Fire Safety: Can we do more?—An analysis of what an alarmed industry is doing to prevent future tragedies 210

élan creates "city" club environment—Operated by McFadden-Kendrick, there are now six élans using a cardholder concept 246

NRA '81—A schedule of events for the show beginning May 16 plus a special report for conventioneers on dining in Chicago 78

Pippin's Pie Pantry—A Kansas City restaurant with 35 varieties of pies plus a family menu 100

Hunt Family of Texas invest in restored mansion—This newly renovated hotel/restaurant complex is expected to gross $4 million in 1981 108

Acapulco y Los Arcos—Mexican food *con imaginacion* has enabled owner Ray Marshall to build an 18 unit chain in the Los Angeles area 141

Reaganomics: What it can mean for your business—An investigative report on the ramifications of the Administration's economic proposals 150

Holiday Inn franchisees shake 'cookie cutter' image—HI operators are developing their own "individualized" restaurants and lounges 294

Ramada franchisees celebrate a 'Renaissance'—Ramada's strategy to capture a larger share of the mid-priced market 300

DEPARTMENTS

Legal Tips 2

RB Insights 12

Editorial—A question of value 18

Publisher's Memo—October is show month 20

Up Front 23

Menu Planners Guide 55

Trade Quotes 66

Foodservice Calendar 74

Restaurant Stirrings 96

Family-owned Business—"Prisoners" of family business . 103

Management Psychology—Preparing contingency plans . . . 118

Dining With—Don Roth 120

Management—Are you really listening? 126

Tax Bite—Surveying the tax scene 130

Wine Seller—Wine tastings uncork sales 132

Book Review 138

Worth Writing For 254

Buyer's Circle 258

Drafts, Carafes & Spirits—Creating mixed libations 273

Bar Management Guide 276

Design Marketplace 289

Raising Your Equipment I.Q. . . . 290

Energy—Controlling costs in the dining room 322

Operations Management—The payback of an I.O.U. 326

Marketing—Do tips still motivate? 332

Managing Editor's Desk 339

Classified 340

RESTAURANT BUSINESS • ROUNDTABLE I •

CUSTOMER TRAFF
MANAGEMENT DEVELOPMENT
DEMOGRAPHICS • INDUSTRY FORECAS
• OIL PRICES • MINIMUM WAGE HIKES •
REAL GROWTH • FOOD-AWAY-FROM-HOME
• SALE/LEASEBACK PROGRAMS • TRAVEL •
RAINING • DISPOSABLE PERSONAL INCOME
FOOD-AT-HOME • AVERAGE UNIT SALES
PRIME RATE • STRATEGIC PLANNI
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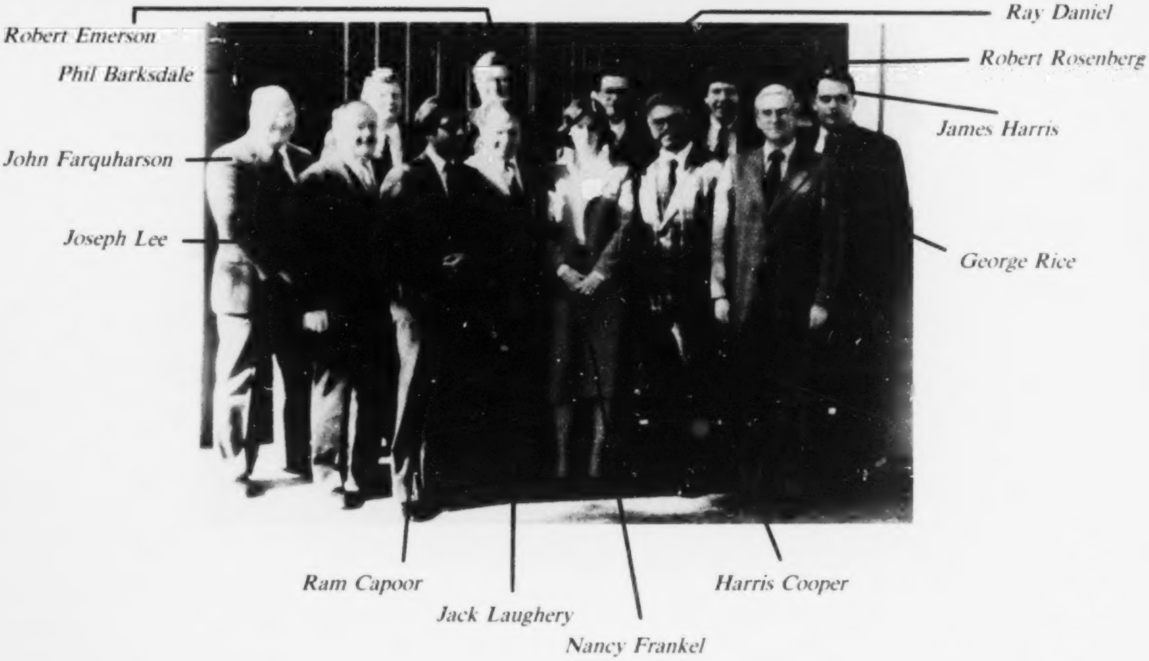
FACING THE CONSTRAINTS ON


Robert Emerson
Phil Barksdale
John Farquharson
Joseph Lee
Ray Daniel
Robert Rosenberg
James Harris
George Rice
Ram Capoor
Jack Laughery
Nancy Frankel
Harris Cooper

The economic environment which facilitated the rapid growth of the restaurant industry appears to have been replaced by a much harsher environment over the recent past. Industry observers no longer forecast spectacular growth rates; instead indicators point to the increasing maturity of the industry. It appears, therefore, that the restaurant industry is at a strategic crossroads. Should firms participating in this industry consider major changes in strategic direction? If so, what are the key issues? What will be the key factors of success in the future? To address these strategic concerns, *Restaurant Business* Magazine and Touche Ross co-sponsored a Business

GROWTH

Roundtable participants: (l. to r.) Frankel, Cooper, Barksdale and Harris.

Roundtable, consisting of a select group of industry leaders and experts. The objectives of the Roundtable, which was held at the Pontchartrain Hotel, New Orleans, on January 15-16, 1981, were as follows: (1) To provide a forum for pragmatic discussion of the strategic issues facing the industry; (2) To draw upon a wide variety of perspectives on the industry. We publicly thank the participants for giving so freely of their expertise. The editors of *Restaurant Business* have condensed the group's discussion into the individual presentations that follow.

Robert Emerson, *Analyst/Manager,* Fred Alger Co., Inc. 174
George Rice, *President,* GDR Enterprises, Inc. 175
James Harris, *Vice President, Specialized Industries,* Citibank, N.A. ... 178
Nancy Frankel, *Regional Vice President,* Integrated Resources, Inc. ... 180
Ray Daniel, *Vice President, Agricultural Economics,* Chase Econometrics 182
Harris Cooper, *President,* International Dairy Queen, Inc. 185
Jack Laughery, *President,* Hardee's Food Systems, Inc. 187
Robert Rosenberg, *President,* Dunkin' Donuts of America, Inc. 188
Phil Barksdale, *Vice President,* Holiday Inns, Inc. 191
John Farquharson, *President, Institutional Services,* ARA Services, Inc. 193
Joseph Lee, *President,* Restaurant Division, General Mills 194
Ram Capoor, *Management Consultant,* Touche Ross & Co. 198

Robert Emerson

Analyst/Manager

Fred Alger Co., Inc.

I have some concerns about the outlook for the restaurant industry that I never had in the past.

There are three ways to create a dynamic, rapidly growing, successful company:

The first way is to create a product based on a superior technology, as for example, Xerox and Polaroid.

The second way is to take a static industry and create a new concept. Under this approach, a new participant comes along and steals market share very quickly in a sleeping industry. An example might be Federal Express which is succesfully competing with the U.S. Postal Service.

The third approach is to rationalize a fragmented industry. This approach has led to remarkable success in certain cases—for example, in the trucking industry—and it seems to be the key to the successful restaurant company. There has not been a dramatic growth in the incidence of eating out. The growth of leading restaurant chains has been the result of capturing share of market from independent operators.

At one time, I believed the growth of the chains would probably go on uninterrupted until such time as they had achieved the maximum attainable market share. The reason I thought progress toward the ultimate day of reckoning was going to be smooth was that the industry sailed through the 1974-1975 recession, which was the most difficult economic period since the 1930s.

However, more recent developments have led me to change my long-term outlook for the industry.

I think one thing the industry has been suffering through is the difficulty experienced by most restaurant chains in making the transition from small entreprenurial ventures to large, professionally managed companies—a difficult transition for any company.

Another thing I have seen from the vantage of hindsight is that several restaurant companies appear to be making serious strategic errors. For example, Winchell's Donut Houses went on television in Southern California and in effect created a market umbrella for mom-and-pop competitors. And Long John Silver's cut the size of its fish portion to protect margins when the cost of fish shot up dramatically.

But such mistakes have produced only temporary setbacks, in many instances. And we have seen companies, such as Long John Silver's, Ponderosa, Hardee's and Kentucky Fried chicken, make dramatic recoveries from their problems of the mid-1970s by changing their approach to their businesses. Now, these certainly represent encouraging signs that the industry's strategic errors can be straightened out.

However, as we move into the 1980s, a number of factors that impact on the industry have changed for the worse. I am not talking about simple or individual changes in managerial style. I am talking about structural changes in the industry which seem to me to indicate the possibility that its potential for continued rapid growth is now becoming less promising.

Let me cite some danger signals that I see for the industry:

- In 1973 and 1974, as the cost of beef rose rapidly, menu prices of most restaurant companies also rose. When beef cost dropped, noone in the industry lowered his prices. That dramatically built up the profits of the chains in 1973, 1974 and 1975—a period of recession. However, we all noticed that in 1979—when the price of beef dropped temporarily—McDonald's for the first time used a cut in menu prices as a marketing tool. That disturbs me.
- In the past, some companies have been perfectly willing to use their own funds or to borrow funds in order to finance company-operated restaurants. Today, they appear to be less willing to risk their own capital to open restaurants. Companies even in high growth areas—instead of opening company units—are taking the franchise route and letting someone else put up his money.
- Also in the past, during a period of tight money and high interest rates, companies like McDonald's have tended to accelerate store-opening programs as real estate prices softened. We are not seeing that happen this time around. It seems to me, it is getting a lot more difficult to open profitable new stores.

Stenographer records the minutes of the RB Roundtable that consisted of a blue-ribbon panel of industry experts . . . and

The constant dollar profits per unit for new stores are below those of existing stores. This points toward saturation.

One can only hope that when the growth fades in the restaurant industry, companies in the business will be able to make a smooth transition into highly profitable, high-cash-flow businesses that earn 25 percent after taxes on net worth even though their company units don't grow. I can certainly get use to a business that pays out all of its earnings.

There is a basic flaw in the restaurant industry. The flaw is that growth appears necessary for success. In other words, growth is necessary to keep people at the store level motivated.

There probably is nothing more disturbing in the world than being an assistant manager of a restaurant working 60 or 70 hours a week—working for really not much more than the minimum wage—and not have much hope of moving up. The only way to keep someone like that highly motivated is to promise him a future of raises and an opportunity to move up to district manager, regional supervisor, and even divisional vice president. The promise of this career development can exist only in a chain that is opening additional stores.

If you reflect on why it is that operations deteriorated for companies like Kentucky Fried Chicken, you probably will find that there was a decline in quality, which inevitably led to a downward sales spiral. This decline will come pretty close to that point in time when these chains stopped opening new units.

> "There is a basic flaw in the restaurant industry. The flaw is that growth appears necessary for success . . . growth is necessary to keep people at the store level motivated."—**Emerson**

leading chain operators who discussed the challenges and opportunities that they face in the 1980s.

Given all the factors pointing to industry maturity, I see three different kinds of opportunities for companies in the foodservice business:

1. You can sell your company. But this doesn't really solve the problem: it just transfers it to someone else.

2. You can develop growth in foreign markets, but this may take a decade to accomplish.

3. You can grow through diversification. One way this can be accomplished is by transferring the expertise developed in the foodservice industry to other fractionized retail industries. The path to success may not be finding ways to grow by opening another kind of restaurant; but instead, it may lie in transferring your expertise to the management of other small service-oriented operations. Shoe repair, beauty parlors, flower shops, and jewelry franchises are just a few potential areas for penetration by well-managed service companies.

George Rice

President

GDR Enterprises, Inc.

Because the restaurant industry through most of the 1970s was able to achieve year-to-year increases in real growth—a performance not even marred by the 1974-75 recession, we thought we were recession-proof. However, the industry's back-to-back years of negative growth in real dollars during this recent recession have exposed the fallacy of our so-called invincibility.

In the past, we didn't understand the key macro-economic variables which drive our industry—forces which worked in our favor during the 1974-75 recession, and some of which turned against us in 1979-80.

However, before getting into these macro-economic forces, let's review some key historical information—the industry's micro-economic variables—based on data from CREST (Consumer Reports on Eating Share Trends) from the winter of 1978 through the fall of 1980.

Micro-economic variables

Sales—Until the summer of 1979, the industry had enjoyed several quarters of health sales growth in nominal dollars, including successive 16 percent increases from the summer of '78 through the winter of '79 (see figure 1). However, in the summer of 1979, dollar sales growth dropped to 1.7 percent, and except for a "strong" winter '80 (an aberration resulting from a mild versus an extremely severe prior winter), the industry's sales growth remained weak until the fall of '80 when it posted a reasonably strong gain of almost 10 percent. Indeed, this upturn in the last quarter of 1980 may signal a potential turnaround for the industry.

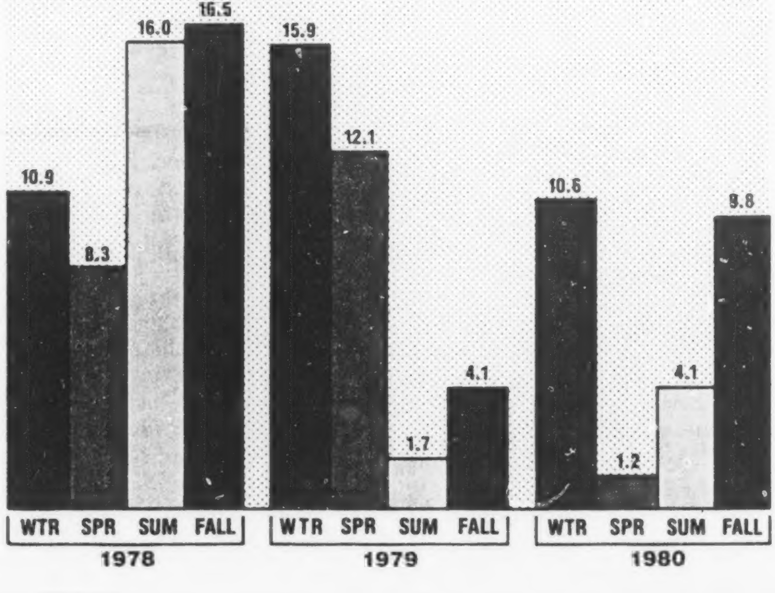
Traffic—In measuring industry performance, it is important to understand that there are two major components of sales: *traffic* and *average check size* per eater. (See figure 2.) When we look at the recent sales history, we see that from the spring of '79 through the summer of '80 customer traffic showed negative growth except for the winter of '80 (an aberration). Generally speaking, traffic increases signify real growth for the industry while check size increases signify menu price inflation.

> "The industry's sales growth remained weak from the spring of '79 until the fall of '80 when it posted a reasonably strong gain which may indicate a turnaround."—**George Rice**

Total Industry Quarterly Dollar Sales Trend
% Change to Prior Year

Figure 1

Source: CREST Marketing Services 3/81



Now let's focus on the fall of '80 and understand some of the developments during that quarter which lead us to believe that we may have turned the corner on the recession.

Reach—In analyzing traffic, we see it has three major components: number of families reached; visit frequency; and average party size. During the fall of '80, Reach increased 2.5 percent, representing the strongest increase in this key component of traffic over the last 10 quarters. Simply put, 2.5 percent more families were attracted back into the marketplace during the fall quarter to make at least one restaurant purchase. Frequency (how often families eat out) for this quarter was negative (−1 percent) as it has been for the last six quarters, and party size continued to show relatively flat growth.

Dealing—We believe that the dramatic rise in the incidence of dealing during the fall of '80 was a key force in attracting customers back into the marketplace. Dealing hit a record high—with nine percent of all meal/snack occasions involving a deal—up 17 percent over fall '79. In particular, couponing accounted for 55 percent of all perceived dealing during this quarter—and that too represented a record high for the industry.

While dealing has clearly contributed to the consumer's improved price-value perception of restaurant meals/snacks, this development has serious consequences for unit P&Ls. In the past, dealing for most chains has been a device to develop Reach (new trial). However, it appears that dealing for some chains has become a primary marketing technique to maintain Frequency by offering a "permanent" discounted menu value. While generating short-term gains, the development of a 'deal mentality' in the long run could cause the industry more harm than good.

Supper—In the fall of '80, supper as a meal occasion staged a strong come-back, with traffic up 3.2 percent over the prior year. Specifically, supper accounted for 42 percent of all meal/snack traffic and 54 percent of all dollar sales during the quarter.

It is significant that deal use in terms of meal/snack occasions was the highest at supper. Six out of 10 deals involved supper. This improvement in supper when viewed in conjunction with the improvement in the fast food/family restaurant categories indicates a definite trading-down has occurred at this meal occasion.

Also, in terms of customer traffic by meal occasion, it is interesting that breakfast continued its growth in the fall of '80 as it has for the past several quarters, while lunch continued to show declines in customer traffic, and snacks—a barometer of the soft economy—exhibited a one-quarter increase in traffic, after several quarters of decline.

Take-out—The fall of '80 was the

first of seven quarters reflecting a gain in take-out versus eat-in sales. Take-out sales accounted for 31.6 percent of total industry sales versus 30.6 percent in the fall of '79. As we will see later when we discuss the macro-economic variables, the decline and increase in take-out sales closely corresponds with changes in vehicle usage.

Chains—The top 150 chains tracked by CREST increased their market share by three percentage points to 41 percent of total industry dollars as measured over a four-quarter period ending in the fall of '80. This is up from their 38 percent market share for the four-quarter period ending in the summer of '80.

The chains, particularly in the fast food and family restaurant categories, showed real strength in customer traffic in the fall of '80. Fast food restaurants posted a 2.3 percent increase and family restaurants showed a 4.7 percent increase in customer traffic, while atmosphere/specialty restaurants suffered a 3.9 percent decline in traffic.

The chains were the first to be hurt by the recession and now they appear to be leading the recovery. The upscale restaurants were least affected at the beginning of the economic downturn. Their customer traffic held strong for two-to-three quarters as their higher-income customers base was insulated from the drop in real disposable income.

However, as the recession moved on, the higher-income customers while maintaining their frequency of eating out began to trade down. This is consistent with the increased share of supper occasions by the fast food and family restaurants. During the recession, a portion of the lower income people bailed out of all elements of the market. They really had to change their behavior and eat out less often.

Macro-economic variables

Over time, we have developed a greater understanding of the shifts in the U.S. economy and how they impact on the foodservice industry. In late 1979, CREST Marketing Service and Chase Econometrics joined forces to develop the CREST/Chase Foodservice Industry Forecast. Through this joint venture, we have identified four major macro-economic variables that explain variations in consumer eating-out behavior as tracked by CREST.

Through a sophisticated statistical modeling approach, we can forecast the future of the industry over the short and long term.

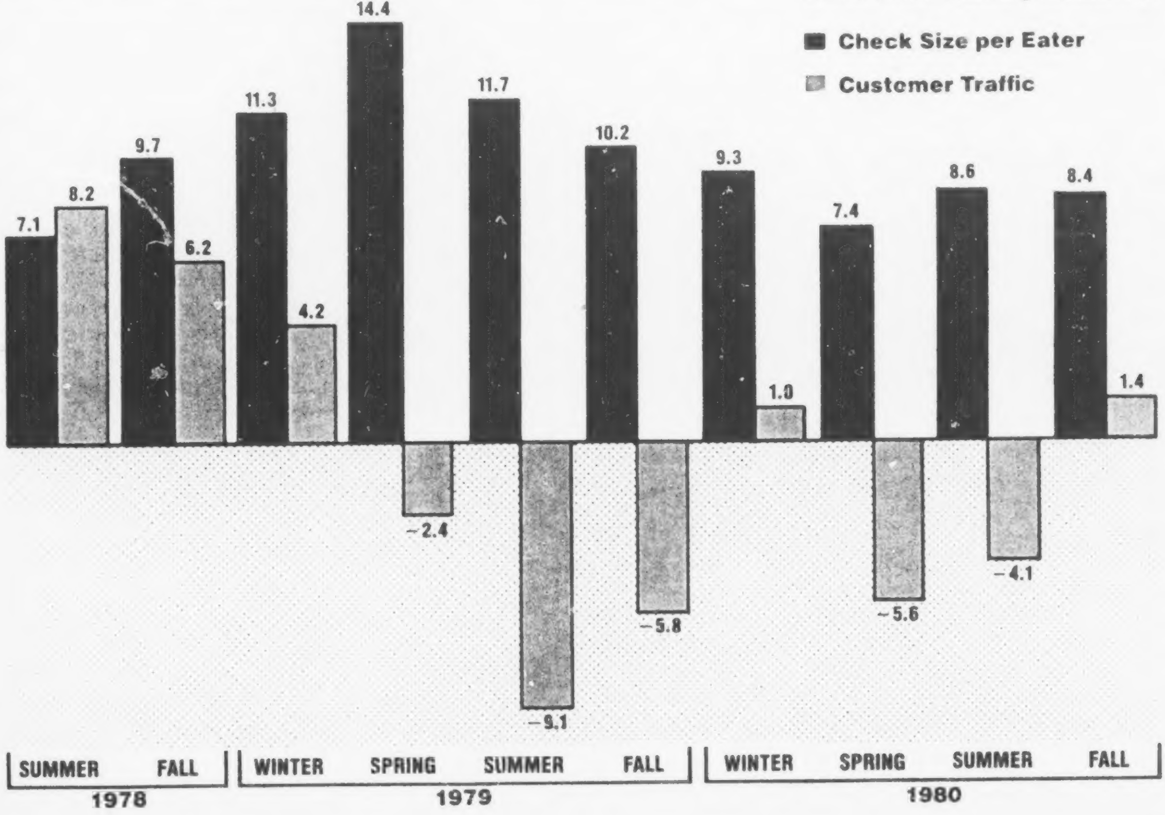
While we will consider each of

continued on page 195

Components of Sales
Check Size and Customer Traffic (% Change to Prior Year)

Figure 2

Source: CREST Marketing Services 3 81



During break, (l. to r.) Daniel, Cooper, Rice and Lee continue discussion while Laughery (far l.) looks on.

James Harris

Vice President, Specialized Industries

Citibank, N.A.

> "The restaurant business today is properly characterized as a mature business. Unfortunately, the word mature is often taken to mean lack of opportunity. In my opinion, nothing could be further from the truth. What we are looking at today is a change in trends, and not an apocalypse."
>
> **—James Harris**

In terms of how we at Citibank view the economy, I would like to focus on three key elements that have been critical in the development of our economy since World War II, namely: cheap energy, cheap money, and an adequate supply of willing workers in the population.

At Citibank, we look at these as being in a state of flux for the next 10 to 20 years.

Energy, of course, is the issue foremost in our minds today. I can tell you, our economists predict that by 1985 the average per barrel price of crude oil will be $54 (up 74% over '80) as opposed to $31 (up 182% over '75) at the end of 1980, compared to the $11 dollar price per barrel in 1975. If we translate that into the pump price of a gallon of gasoline these increases will mean that you and your customers will be paying, $1.95 (up 61% over '80) per gallon for regular gasoline in 1985, as opposed to an average of $1.21 (up 112% over 1975) at the end of 1980 and 57 cents in 1975. As in the case of most predictions, the assumptions used in making these predictions are extremely important.

First, we look at the situation in the Mideast today which is extremely volatile. We have a war between Iraq and Iran that is likely to continue for some time. This will disturb the supply of oil considerably over the next five years. It already has had an adverse effect today.

Second, we must also look at the total demand for oil, which currently exceeds output. Although demand is declining, we still will have a long-term trend in which total demand exceeds total output. There is nothing in our analysis to indicate the situation is going to get better instead of worse. In fact, I think you might say that more things can go wrong with this scenerio than right.

In applying this scenario to the restaurant business, two significant conclusions become apparent.

First, as energy costs continue to escalate, it seems to me that consumers will continue to alter their spending patterns in accordance with their perceptions of future economic conditions as well as their particular economic circumstances. For restaurateurs, this latter point seems to me to be particularly important. Since World War II, the percentage of disposable income spent on food has not changed all that much. *Where* that money is spent, however, has changed dramatically, and I would think this issue will continue to be an issue that is near and dear to each of your hearts for some time to come. In my opinion, I would think that the rate of growth in the number of meals eaten away from home is likely to decline over the next 10 years. Continued inflation of energy costs is but one of the major concerns of restaurateurs.

The second concern (or conclusion) is the disappearance of cheap money. I was told but have not checked it out myself before coming down here, that if you had purchased every corporate bond that's been issued since 1946, you would have lost money in *real* terms after adjusting for inflation. Abraham Lincoln once said: "You can fool all of the people some of the time and some of the people all of the time, but you can't fool all of the people all of the time." Expressed another way, don't try to sell a 30-year fixed-rate bond in today's bond market. It seems to me this will have far reaching implications for future development of restaurant chains and retailers in general.

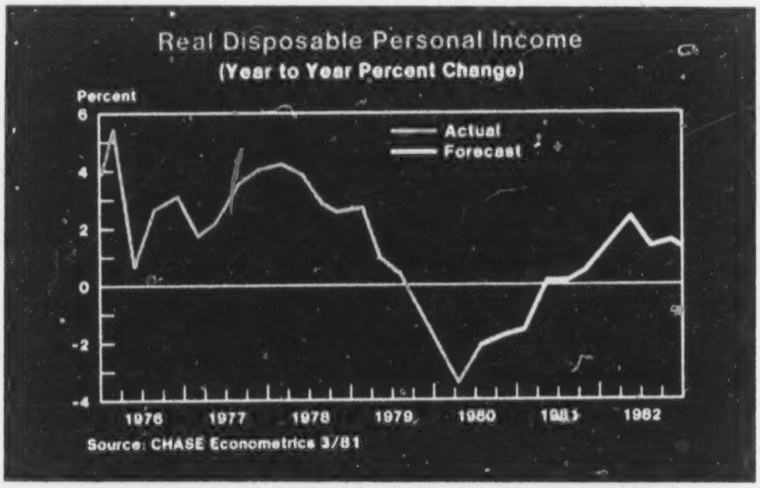
If a key financial measurement of growth is earnings per share, then the cost of borrowing money becomes extremely important. Moreover, it's particularly important when looking at new projects, and how you evaluate these additional investments. I will say point blank there is no restaurant today and there is no retailing business today that can support a 20 percent interest rate. It just can't be done. Although there are other methods for evaluating potential investments such as discounted cash flow, internal rate of return, you still come back to very fundamental questions as they relate to financial strategies.

Although there is plenty of money around today, the rates are truly staggering. I doubt that many restaurants could be built today that would generate sufficient cash flow to pay interest at 15 or 17 percent and amortize principal within seven years.

I also doubt that many of you would be considering major expansion programs if you knew today that your 30-year money was going to cost you 15 percent during the first 5 years, 20 percent for the second five, 30 percent for the third five and 35 percent for the last five.

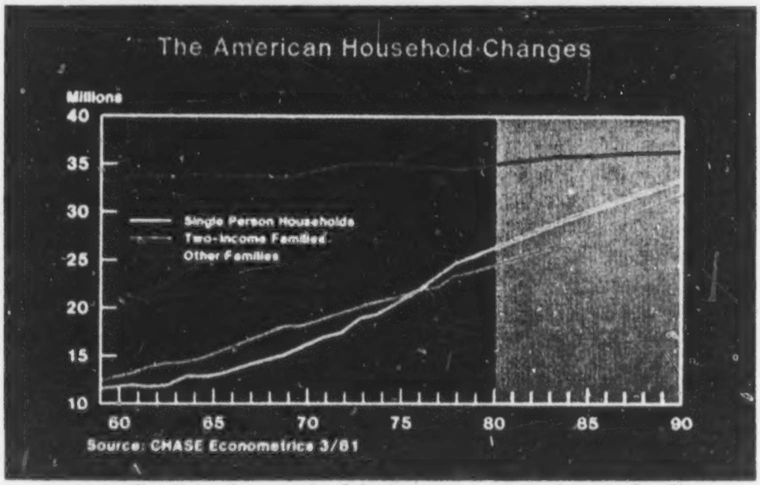
The problem, of course, is that gains on a comparable basis are hard to come by. For general merchandise retailers, the rule of thumb is eight to nine percent comparable store growth and I suspect this would hold true for restaurants as well. However, general merchandise retailers have shown a remarkable ability to manage their margins more effectively to keep these gains up. Sourcing apparel items overseas has kept many a retailer competitive. Restaurants do not have this flexibility.

The final area that we watch is labor. I'm sure each of you have had the dubious distinction of awarding your employees an across the board eight percent salary in-



Source: CHASE Econometrics 3/81

(Fig. 3) Real growth in the industry is driven by changes in DPI. . .



Source: CHASE Econometrics 3/81

and (Fig. 4) by the growth of single-person and two-income families.

crease effective the first of the year. Of course, no one from the government came around to guarantee you an eight percent increase in productivity, but that's the way these things tend to go these days (See figure 14.)

How you cope with this seems to me to be fairly simple. You either raise your prices, or you reduce the permanent labor force you employ. Not by firing anyone, but certainly you slow down replacements.

I would like to think the new Administration and Congress—and a presumably more conservative Administration and Congress—will act to take these problems off your back. If not, we are going to see continued problems in terms of productivity and maintaining quality of service in the restaurant business. I think a critical issue in terms of labor would be the ability to continually reduce the size of your work force and still maintain quality of service. Maybe there are some technologies that will enable work to be performed mechanically.

Barksdale, Harris, Lee

Ray Daniel, Chase Econometrics

Farquharson, Capoor

Frankel, Cooper

You may see voice-activated computers controlling the entire processing of food for the consumer some day. Who knows, maybe the automat will triumphantly return to the scene.

I do have some projections on interest rates, and I will pass them along provided you promise not to rely on them (See figure 15.)

This year I see the prime rate moving down and moving down substantially. Our economists tell me that they expect the prime rate to move down into the 12 to 14 percent area. In our view, the economy is in a downward trend that will continue into 1982. We see the prime moving under ten percent by then. By 1983, we'll see the economy beginning to move up with rates in the 10-12 percent range. In turn, this trend is likely to continue through 1984 with the prime rate moving to around 13-14 percent and thereafter settling back to a 12-13 percent level in 1985.

> "Under a sale/leaseback program, the franchisee will generally find that his lease payments will be $1\frac{1}{2}$ to 2 percent lower than his current cost of debt."—**Frankel**

In looking at these predictions, I would add a cautionary note. In the past two years, there was a profound, and I mean profound, change in the financial market place. The old rules under which these predictions were made appear to be changing very rapidly.

Let me try to explain what I mean. Over the past six to 12 months we see what appears to be an anomaly in the financial markets. Traditionally, interest rates have followed the predictable laws of supply and demand. When the supply of money constricted, rates shot up. Conversely, when the supply of money increased, rates declined. Today, we see interest rates behaving more like pork belly futures than interest rates. If supply goes up, so do rates over the short term. The explanation for this is that the market place is anticipating future courses of action that the regulators may take to bring monetary growth back into line.

Over time, I would hope that the Federal Reserve Board demonstrates an ability to control these monetary aggregates.

Since I don't want to present too much doom and gloom, let me sum up by saying that the restaurant business today is properly characterized as a mature business. Unfortunately, the word mature is often taken to mean lack of opportunity. In my opinion, nothing could be further from the truth.

What we are looking at today is a change in trends, and not an apocalypse. The smart operator will understand this and proceed accordingly. The less sophisticated operator won't, and he'll be in trouble within a few years.

Nancy Frankel

Regional Vice President

Integrated Resources, Inc.

I wish to discuss alternative sources of financing whereby a medium to large size company (with a net worth of at least $30 million) can use its fixed assets and convert them into cash by means of a sale/leaseback program of its real estate.

Historically, the restaurant industry, and in particular the fast food business, has had such an impressive growth rate that it had many forms of financing available to it. Such avenues have included: the stock market (new issues) and the debt market (company bonds and bank loans).

However, now we have seen a weakening in the equity markets as the hyper growth of the fast food chains is cooling off. And the debt market is much harder to support today with double-digit interest rates.

The difficulty in financing new unit structures is even more serious for franchisees who usually don't have the same kind of credit line as their franchisors.

The options

There are two sale/leaseback avenues available to restaurant chains wishing to raise capital. They include:

- The sale/leaseback of an existing facility or a planned facility to a limited partnership of *private investors*. The lease package can include land, building and equipment, or some combination of the three. The investors benefit from current income tax write-offs, subsequent cash flow, and long-term appreciation of the real estate. And the restaurant operator benefits from the capital that flows to him from the investors.
- The sale/leaseback of a facility to a limited partnership of *public investors*. Conceptually, the public investment programs are similar to the private placements. However, they do differ in their specific structure.

Private offerings do not have to be registered with the Securities and Exchange Commission while public offerings do.

And unlike private placements, which are tailored to the needs of the wealthy individual able to make a substantial investment, the public partnerships are tailored to the needs of a much larger spectrum of the population who have a more modest amount to invest.

Sale/leaseback investment programs have been in existence for many years; however, their use by restaurant companies to raise capital has grown significantly in the last five years.

Integrated Resources' public funds, including American Property Investors, to date have raised over $390 million of investors' equity. This pot of money has been invested in a portfolio of different real estate properties and include several restaurant companies: Gino's, Bonanza, Ponderosa, Victoria Station, Collins Foods, and W.R. Grace.

Until recently, these limited partnership programs have invested in a diversified portfolio of retail businesses. Now, publicly offered partnerships are also being formed to raise a fund of money for a particular franchise system, including restaurant franchises. This is the most recent development in sale/leaseback investment programs.

These public funds of money directed to a particular franchise system provide restaurant franchisees with a new entrance to the capital markets and provide the partnerships a new investment vehicle.

The individual investor can expect to earn a return on his invested capital of 8 to 10 percent. This return is extremely attractive to the medium-size investor—unable to participate in the municipal bond market or other investments requiring larger amounts of money. His minimum investment can be as low as $2,500. In addition, he benefits from the preservation of capital, equity build-up, and capital gain through the appreciation of the real estate.

The restaurant chains benefit by obtaining a new source of money to finance their unit expansion. And public companies experience improved earnings per share since lease payments are usually less of a hit to earnings than debt service payments.

In addition, the franchisee will generally find that his cost of funds with lease payments will be 1.5 to 2 percent lower than his current cost of debt. The franchisee also has the option to buy back his facility and equipment at the end of the term.

The risk and return on each investment will determine the specific rate set.

Such programs demonstrate that the financial community is not locked into a tradtional way of doing business. It can be creative and aggresive in developing alternate avenues of capital formation for the business community. As market needs change, so will the products being supplied change.

Berlind, Berlinski, Capoor, Bakos

Rosenberg, Daniel, Emerson, Laughery

(See page 178)

Ray Daniel

Vice President-Agricultural Economics

Chase Econometrics

Throughout the 1980s, food will no longer be the bargain in real terms that it was for the American consumer during the 1960s and 1970s. During the 1980s, we expect food prices at least to keep pace with the overall inflation rate, and we may come to accept a 9 to 10 percent inflation rate for food as normal during the first half of the decade.

On a short-term basis, we expect the inflation rate for food to climb even higher than the norm. As the recession ends, demand for red meat will pick up again. However, last year's drought brought meat and grain inventories down to record low levels. As a result we see the Consumer Price Index for food-at-home increasing 12 to 13 percent and the CPI for food-away-from-home increasing 13 to 14 percent in 1981. Next year, we are forecasting an 8 to 9 percent increase in at-home food prices versus a 10 to 11 percent increase in food-away-from home-prices.

However, there are a number of macro-economic forces which could change next year's forecast for the worse. For example, another drought could create a big shortage of grain in 1982 and drive up food prices even higher. If the rate of inflation does not show signs of slowing by the end of the year, the Federal Reserve Board is likely to boost interest rates which will put us into another recession. Also, all bets are off if we are hit with another severe curtailment in oil supplies as we were in early 1979.

Meat overview

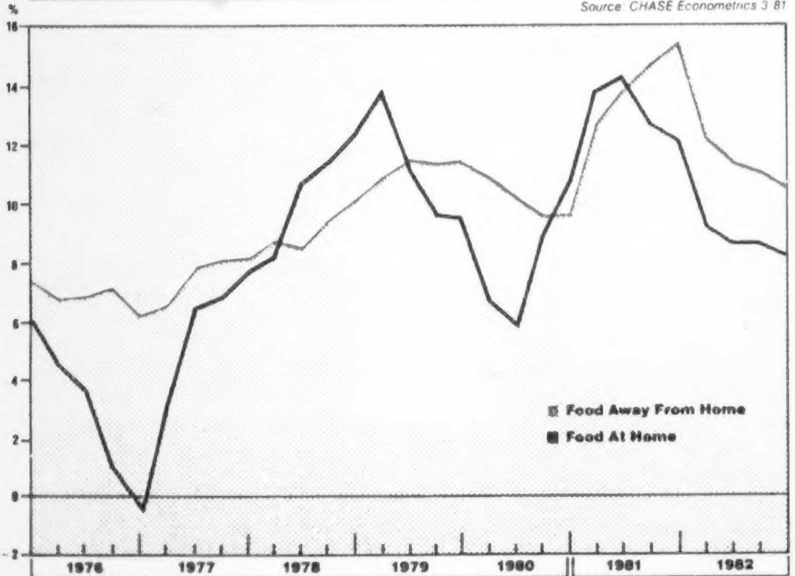
Over the past 30 years, total meat consumption per person has increased by 2.8 percent annually. Beef consumption per person increased by 2.6 percent, poultry consumption increased by almost 3 percent, while pork consumption declined 0.4 percent annually over this period. (See figure 12.)

> "The next five years are expected to be a period of higher beef supplies and relatively flat pork supplies, while poultry supplies should continue to increase 2½-3½ percent annually."—**Ray Daniel**

Consumer Price Index Year to Year % Change

Figure 5

Source: CHASE Econometrics 3 81



However, during the decade of the 1970s, per capita consumption of beef appears to have hit its peak in 1976. Since then, it has declined steadily. And in 1980 per capita beef consumption fell to 1967 levels, while pork consumption returned to 1975 levels—after four years of moderate increases. Only per capita consumption of poultry continued to remain strong.

Poor profitability in the livestock industry due to weakening demand in the 1974 and 1980 recessions and high feed costs have been major factors contributing to collapses in animal numbers. And the biological nature of the U.S. livestock industry prevents farmers from responding immediately to changes in consumer demand. When farmers liquidate their cattle herd as they have been doing since 1975, it takes five to six years before farmers can bring cattle numbers back to their previous peak levels. The cattle cycle is thus 10 years in length from peak to peak.

In the pork industry, it takes three to four years to rebuild the herd following a liquidation. On the other hand, the poultry industry can respond to increases in consumer demand within six to eight weeks.

The beef industry has currently bottomed out and farmers are slowly beginning the rebuilding of our cattle herd which has experienced the largest liquidation in U.S. history. Poor profitability in the hog industry in 1980 is now expected to curtail pork supplies by six to eight percent this year, while high grain prices hold poultry supplies at a one to two percent increase in 1981.

The next five years are subsequently expected to be a period of higher beef supplies and relatively flat pork supplies, while poultry supplies should increase between 2.5 and 3.5 percent annually.

> "Increases in our real disposable income will translate into greater reliance on food-away-from-home."—**Ray Daniel**

Price outlook

Increased demand and the current low herd size will force up the price of beef 20 to 30 percent between now and the end of 1982. In addition, higher feed costs to producers and a drop in supplies of competing meat, especially pork, will put upward pressure on beef prices. (See figure 8.)

This year grain prices are expected to increase 21 percent over 1980 levels. And if we are hit with another severe drought in the growing regions, grain prices will climb even higher—impacting on fed-beef supplies and prices.

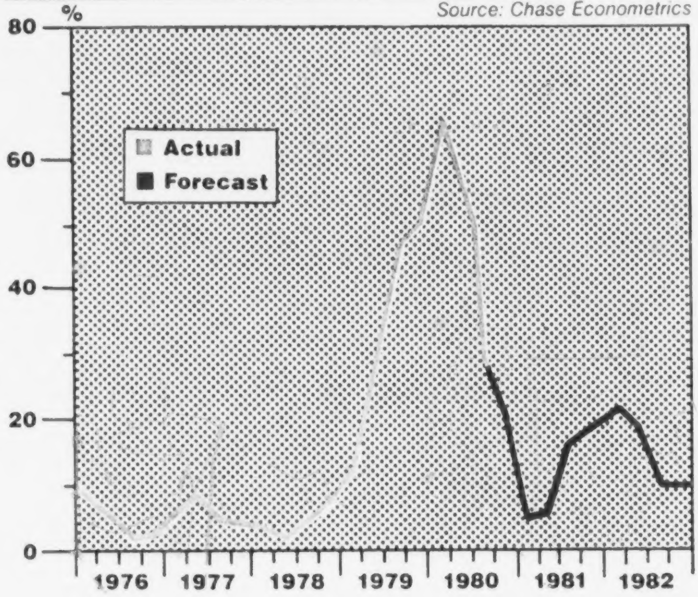
Pork prices will also increase significantly this year due to curtailment in production. We expect the wholesale price of pork to climb 34 percent over its 1980 price, thus dampening demand. (See figure 9.)

In fact, over the past several years, there basically has been no growth in the pork industry. In my opinion, the reason this industry has remained relatively flat, is that pork is not a big menu item in restaurants. The challenge then to the pork industry is to work with the restaurant chains in developing menu programs that utilize this red

Consumer Price Index Gasoline

Figure 6

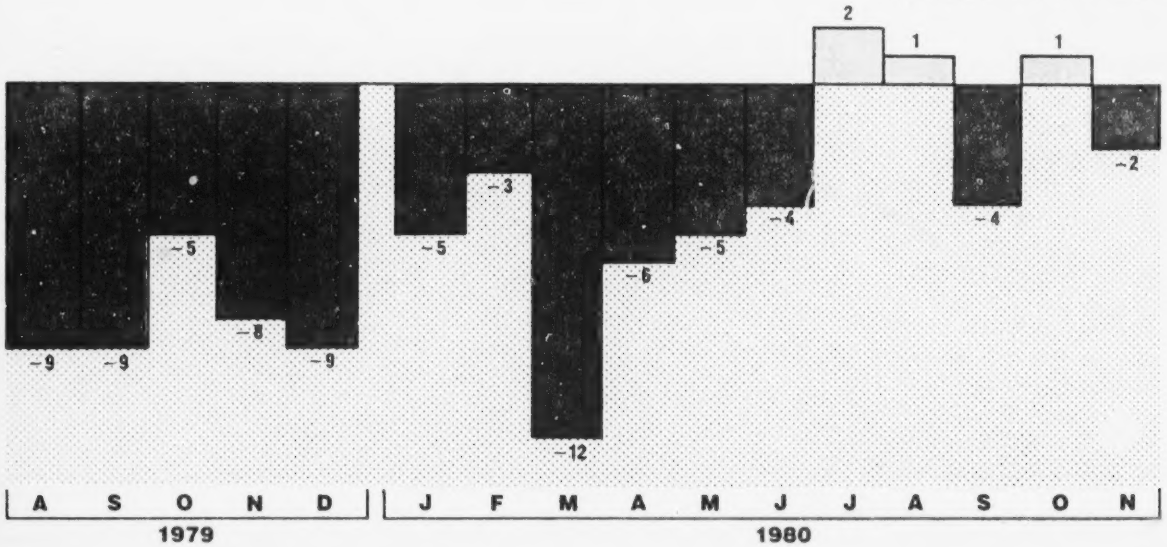
Source: Chase Econometrics



Trend in Miles Driven per Family* Total US
% Change vs. Year Ago

Figure 7

**NPD Gasoline Market Index*



meat item and make it more attractive to the dining-out consumer. In its favor, pork historically does not fluctuate in price as greatly as beef and its wholesale price is lower than beef. Last year, pork at the wholesale level was 26 cents per pound cheaper than beef, and this year pork will average about 20 cents per pound less than beef.

Broiler prices are also expected to increase this year as the economy expands and supplies of pork decline. Overall, broiler prices are expected to increase 15 percent in 1981, versus a 5 percent gain in 1980. (See figure 10.)

Long-term outlook

As noted at the outset, food has represented a real bargain for Americans during the past several years in comparison to the increasing costs of other goods and services. Since the end of World War II the percent of disposable personal income spent on food has declined steadily—from 26 percent of DPI in 1947 to about 17 percent in 1979.

> "Lifestyle trends indicate that Americans will not only increase the quantity of their dining-out occasions, but also the quality of these experiences."—**Ray Daniel**

During this period, the percent of DPI spent on food-away-from-home has held fairly steady at around four percent, while disposable personal income has increased over 850 percent in nominal dollars. (See figure 13.)

It is important to realize that this decline in personal expenditures for food in relation to disposable income is not the result of Americans cutting back on their food purchases. Rather it signifies the fact that food prices have not kept up with the overall rate of inflation—except for a short period in 1973-1974 when there was a worldwide drought and food prices climbed faster than the overall rate.

However, given the low profitability of farmers today, the increasing worldwide demand for food, and rising farming costs, we expect the percent of disposable income spent on food will turn upward again during the 1980s or at least stay at its present level.

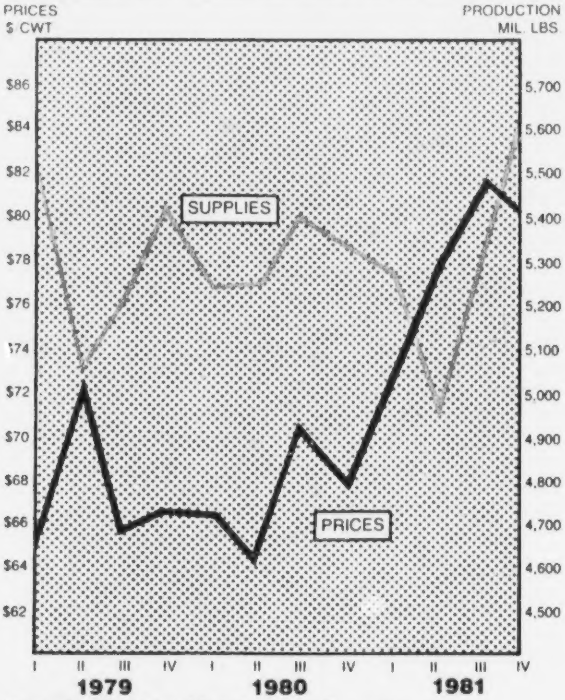
As food inflation reaches parity with or exceeds the overall rate of inflation, Americans will be forced to spend more of their disposable income on food.

This scenario, of course, assumes that our economy will continue to grow—resulting in real gains in our disposable income. We expect real disposable income to increase between 2.5 and 2.8 percent annually during the next five years. As our real disposable income increases, we will want to increase our standard of living—which will translate into greater reliance on food-away-from-home.

The current drop in per capita consumption of beef, for instance, is

Figure 8

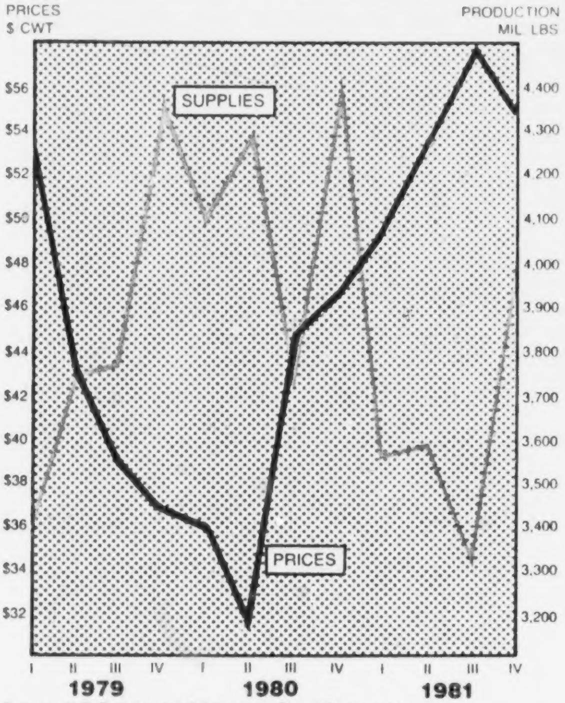
Beef Prices and Supplies, 1979-1981



Sources: U.S. Department of Agriculture; Chase Econometrics

Figure 9

Pork Prices and Supplies, 1979-1981



Sources: U.S. Department of Agriculture; Chase Econometrics a result of the cyclical change in beef supplies and a drop in real disposable income which has reduced consumer purchasing power. We don't believe that Americans are losing their appetite for beef. In fact, we expect per capita consumption of beef which has dropped to 106 pounds (carcass weight) in 1980—from a peak of 133 pounds per person in 1976—to turn upwards in the 1980s and may well reach 117 pounds per person by 1985.

Of course, it is possible to paint a different scenario—one in which our disposable income encounters a sustained period of no growth or even decline. In this event, Americans would likely reduce the quality and quantity of the foods they consume—for instance, eat more grain and less beef—and possibly change where they consume food—at home versus away-from-home. But I for one don't buy that scenario. The income of Americans will grow in the 1980s—although at a more moderate rate than in the 1970s.

Harris Cooper

President

International Dairy Queen, Inc.

The industry as a whole must be most sensitive to dwindling consumer spendable income and the level of available capital at reasonable rates for new store development and for modernization, conversion, and refurbishing programs.

In the Dairy Queen system, we are experiencing continued customer growth in this soft economy, as we have during past recessions. Thus, the economic downturn has not presented any special problems for us. Although the high interest rates have curtailed *some* development programs, we will easily meet our internal growth plan in this area. We are still admitting into the D.Q. system qualified prospective franchisees. The remodeling of our stores under the "ICAN" program did suffer to a modest amount as a result of high interest rates, but not enough to seriously retard this area of our endeavor.

While the industry in general has had its ups and downs in terms of customer count, check size, volume, etc., our D.Q. programs are continuing at full strength. The "It's A Real Treat" campaign for the D.Q. products and the "More Burger than Bun" campaign for our Brazier food products continue to be successful, supplemented in 1981 by the "Full Meal Deal" campaign, a concept of meal versus ala carte packaging for the fast food industry, and our new introduction—the "Hot Doggity Meal" kids program.

Our current programs were strong enough to produce a "black ink" first quarter for 1981—the first time the winter period showed positive results in IDQ's corporate history.

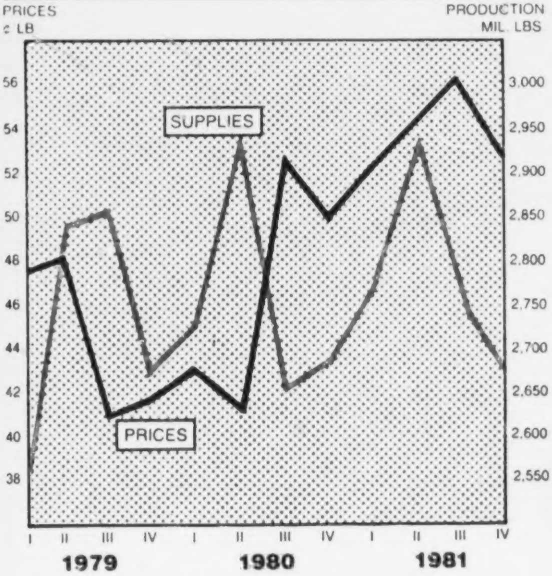
Factors of success

The D.Q. system's success has been governed by two principles: the continued and valued success of

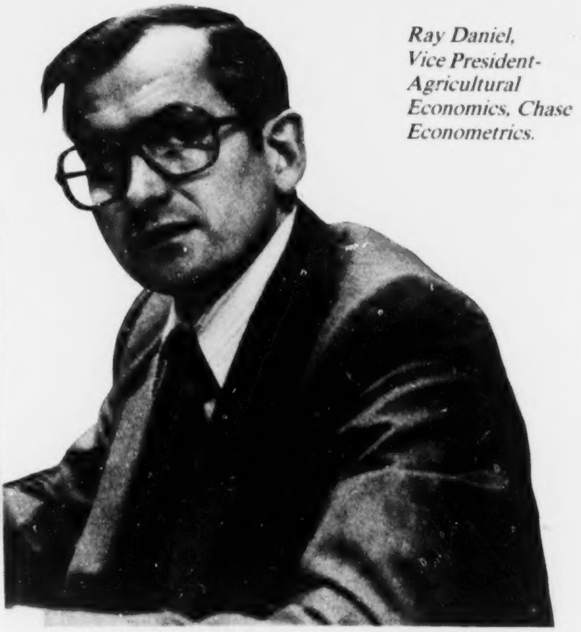
> "Managers think of us as ogres because we neither understand their needs nor deal with their thoughts and problems."—**Harris Cooper**

Figure 10

Broiler Prices and Supplies, 1979-1981

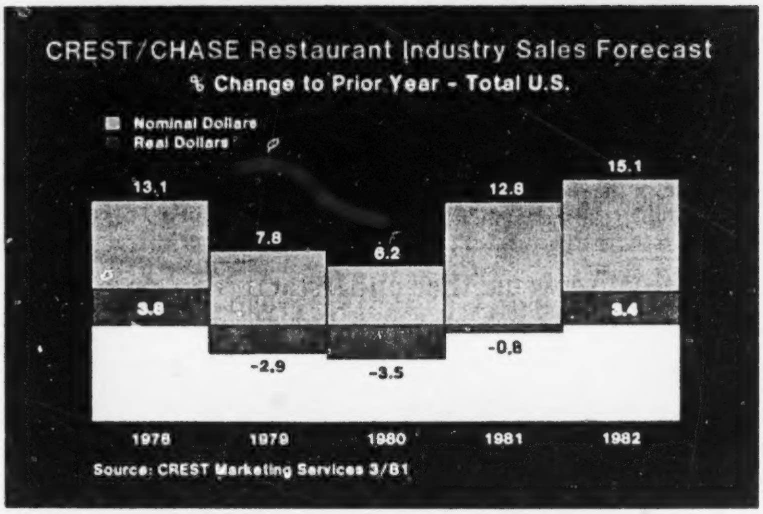


Sources: U.S. Department of Agriculture; Chase Econometrics



Ray Daniel, Vice President-Agricultural Economics, Chase Econometrics.

Harris (1.) tells Lee and others his prime rate forecast.



Source: CREST Marketing Services 3/81

Figure 11

the 4,800 units that have been built, and the ongoing programs that permit 120 to 200 new Dairy Queen or Dairy Queen/Brazier franchisees to become members of our system annually, with continued profitability for the past franchisees as well as the newcomer.

Our principal concerns have been the continued success of our existing franchisees, rather than an emphasis on how many new units can be opened annually on a helter-skelter basis. The attentiveness to this principal has provided us with the synergism that was necessary not only to turn around our system, but also to continue its success after the turnaround.

Management

Top managers in our industry neither appreciate the opportunity they have nor maximize it. Many of them are currently mired down in "What can you do for me?" instead of "What can I contribute and thus receive reward for." Restaurants do not compete on management policies; they compete on the success of their employees.

The key vulnerability of the industry at this time is our inability to attract the manager who can come away from our experience feeling that he or she is a better, knowledgeable, competent, developed person. This is sad; but it is true. Here we have failed. Managers think of us in this industry as ogres, basically because we neither understand their needs nor have the capability of dealing with their thoughts and problems.

Some thought might be given to utilizing key employees with good leadership skills to help train the crew. This would give me freedom to the store manager. The idea that better equipment will replace people is a gross exaggeration since, as in the computer field, there is still truth to the maxim: "Garbage in, garbage out." It is still a people business.

The question that must be answered is: "How are we going to create a positive image for our industry, thus allowing more people to take advantage of an excellent management opportunity with high income potential?

Management strategy

New strategies will be necessary for all.

The first element of the new strategy must focus on providing the consumer with a pleasant experience. Quality, value, service, and cleanliness must be maintained and dressed in new vehicles.

The second element should focus on the people who make it happen—the employees. New vehicles must be designed to make a career in foodservice more attractive to them.

The third element is marketing. New approaches must be developed to entice the trier or trier/rejector away from a competitor, as well as to increase the number of medium and heavy users of our product. The fourth element is, of course, capital. It seems that capital is readily available for a good venture. Sometimes it may be costly, and too costly for the moment, but patience has generally brought a reduced borrowing market. And thus the opportunity that had been sought can become a reality.

Jack Laughery

President

Hardee's Food Systems, Inc.

If I can go back and trace what major success Hardee's has had, I would attribute 90 percent of it to long-range planning. We sat down to do our long-range planning in 1973. Since that time, we have made it very much a group activity. Everybody—from the director level and up—participates in our long-range planning activities. We've been very successful in our planning process because we have broken it down into very small segments.

It's sometimes depressing and discouraging to realize the many factors over which we have little or no control, but which have such a tremendous effect on our business. Yet, when you break the problems down into smaller ones—for example, asking each director: What are you going to accomplish by a specific date?—you bring down the task to a manageable situation.

There has been a significant change in strategic emphasis at Hardee's: We have shifted from being a predominantly operations-oriented company to being a marketing-oriented company. Marketing is now at least on an equal footing with operations if not more so.

As regards research and development, I can recall in 1973, Hardee's total R&D budget was around $30,000 to $40,000. It really wasn't product development at all.

Today, we'll spend in the neighborhood of $1 million or more. We do obtain outside research. We also obtain studies by outside sources concerning our advertising effectiveness. We would agree with Harris Cooper that research is undoubtedly more easily accepted by the franchisee when conducted by independent consultants. However, we do a considerable amount of internal research which involves improving existing products as well as developing new products.

Fortunately, the first new product we brought out, some four years ago, was a roast beef sandwich that had very good immediate success. Most of our growth, in fact, has come from new products. Through the combination of our internal research and development identifying new products desired by our consumers, and the aggressive product development of our franchisees based on their own research, we have been able to introduce a number of extremely successful menu items.

As discussed earlier many foodservice companies have succumbed to overbuilding. We back into the number of units we build. We have stuck fairly well to our expansion formula during the past five years. I think we develop our new-unit targets in an unusual way. In our first long-range-planning sessions, we asked: How many stores can we realistically build. Of course, we came up with a very ambitious expansion plan. But we examined it and took

Rosenberg (l.) and Laughery (center) tell Emerson the reason for their optimism during a coffee break.

a step back. We established a long-range plan that called for a 15 percent compounded increase in units over the next five years.

Rather than the availability of capital dictating our expansion rate, we decided that the rate of expansion should be dictated by the number of trained managers and personnel we could produce internally. The reason for doing this was the lack of quality trained people. The basic assumption we made was: We'll recruit our normal turnover. We'll develop the personnel internally.

Instead of letting the financial people determine our rate of growth, we focused on operations. We said we wanted to hear from our operations managers and training managers. They determined how many additional management teams could be developed per year. And that's how we got back to an effective, feasible growth rate.

I am very positive about the opportunities for us in the 1980s, because basically I'm optimistic. I think we will keep pace with the changing needs and the demands of the consumer and the market. Companies that emphasize marketing rather than strictly operations will succeed in the '80s."

> "Instead of letting the financial people determine our growth rate, we focused on operations. We wanted to hear from our operations managers and training managers. They determined how many additional management teams could be developed per year."
>
> **—Jack Laughery**

Robert M. Rosenberg
President

Dunkin' Donuts

What key factor or factors make for success in the foodservice business?

What policy or management style separates the winners from the "also rans" or from the outright "losers?"

My conclusion is that our $100 billion industry is too large, with too many firms at different stages of development, for one or two policies or one management style to spell the difference between success and failure.

Clearly, Pier 4 in Boston can be as successful proportionately by most financial yardsticks as McDonald's yet the policies and styles of the two operations could be a world apart. Yet, both could be equally effective.

Joe Lee (center) tells Roundtable participants what new strategies are needed to succeed in the 1980s.

Therefore, all that I am comfortable in commenting on are the factors that have made Dunkin' Donuts successful—many of which may be unique to the product, stage of development or personality of our company.

I would say the pursuit of three fundamental beliefs has accounted for our success over the last several years. These would be:

- The commitment to quality,
- The commitment to a particular planning process and,
- The commitment to a quality organization.

Let me touch on each of these briefly.

Commitment to quality

For certain concepts, convenience or price might be the controlling factor in their success. At Dunkin' Donuts, we feel quality is the critical ingredient. And over the years, we have committed ourselves to deliver the very best quality product available.

We believe that when you get right down to it, the reason for the staying power and preeminence of most food products is that they just plain taste delicious.

In our case, we are one of the few chains that still grind our coffee fresh from beans made to our formula. We use 18 percent cream in our coffee, we use the highest fruit content in our fillings, and the highest percentage of Dutch chocolate in our chocolate cake mix.

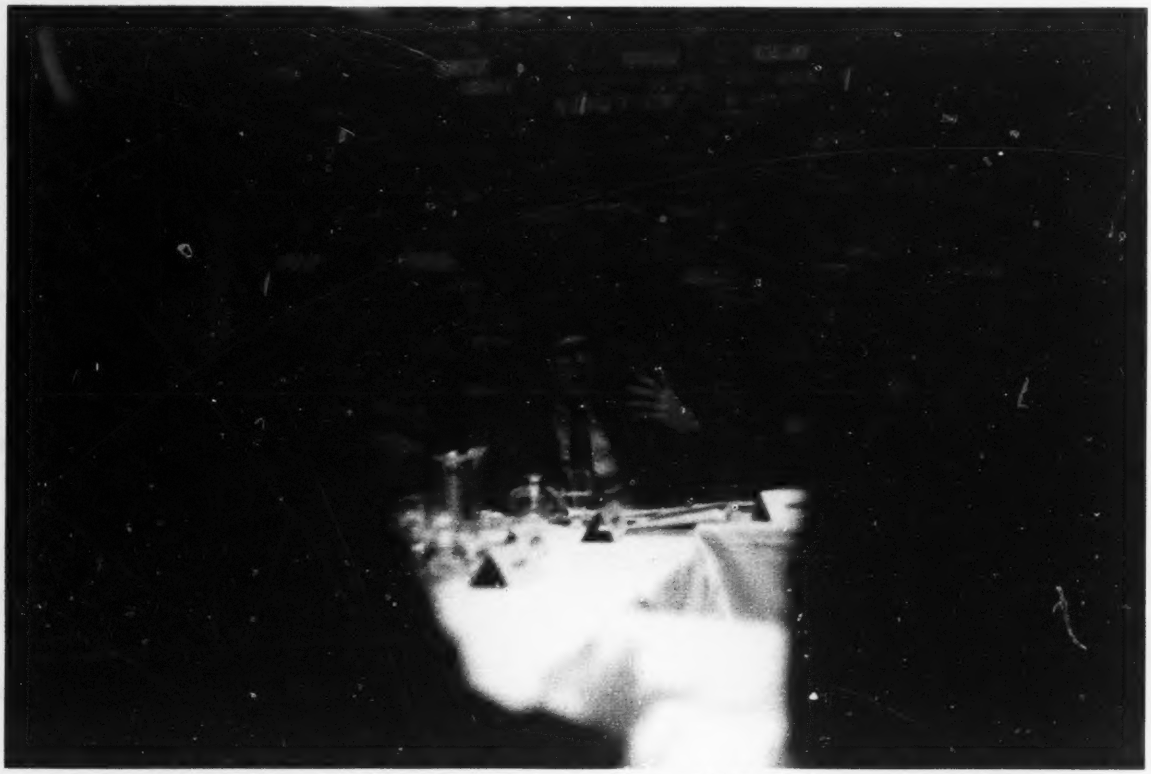
When we introduced muffins as a new product to our system, we became the world's largest buyer of native wild blueberries. That meant we had to establish a frozen food distribution network to complement our dry goods distribution and we had to bring freezers into our shops. If we used cultivated blueberries, we might have saved ourselves a good deal of trouble, but cultivated just aren't as good as the wild variety.

Our franchise owners share that commitment to quality and we feel it has been one of the cornerstones to our success.

Commitment to planning

For the last eight years, we have utilized a planning process which insures that we:

- First, continue to evaluate our resources and the environment and define our mission (or what kind of company we want to be). Conversely, we evaluate what we are not or can not do, at least for the present.
- Second, we have clear financial objectives that define what we want to achieve in terms of earnings per share, return on assets, growth in sales and units, etc.
- Third, we have a clear strategy that channels our resources toward the achievement of our objectives on a priority basis. By use of a computer, we have the ability to evaluate various strategies—both in terms of our balance sheet and our profit-and-loss statement by quarters over a five-year period.



Bob Rosenberg explains the three fundamental beliefs to which Dunkin' Donuts is committed.

Nancy Frankel (l.) and Jim Harris discuss the financial community's perception of the restaurant industry.

In Dunkin' Donuts' case, our mission—which sets the tone for what we will and will not do, and which casts a shadow over all our activities—is to be the preeminent worldwide retailer of donuts and compatible bakery and beverage products.

However, our mission, quite obviously, isn't appropriate for any other company. The important fact in our view is that a company must determine what is appropriate for it, stick to it and reevaluate it from time to time.

Another example, our strategy to achieve our objectives calls for us to expand our distribution, build productivity by increasing our advertising expenditures, remodel our shops, expand our menus and raise our operating standards.

Our strategy might not fit another company, but we feel we have done the thinking necessary to develop a focus plan that is relevant for us. And, we believe our continuing commitment to this planning process has been a key factor in our success.

> "For certain concepts, convenience or price might be the controlling factor in their success. At Dunkin' Donuts, we feel quality is the critical ingredient. And over the years, we have committed ourselves to deliver the very best quality product available."
>
> **—Bob Rosenberg**

Quality organization

Last but not least, we believe a great deal of our success these past years is our commitment to building and keeping a high-quality organization.

We are very proud of most of our franchise owners and our staff. One of my most gratifying accomplishments during my 17 years as president is the longevity we have in our staff. We are a young company. The 17 members of top management average 42 years old; and 12 years of service with the company.

There are 61 executives at our director level and above, and despite the fact that they are only 40 years old, on average, they have nine years of service with Dunkin' Donuts. I think those are very favorable statistics.

I believe it takes, not only exceptional people to build an exceptional company, it also takes continuity. I believe efficiency and confidence grow as length of service grows. As an indication of our staff's competence, there have been 32 promotions to director level and above at Dunkin' Donuts during the last three years. All but three of them, almost 90 percent of our promotions, went to people within our own organization.

I believe these results reflect a participatory style of management—where people can make a contribution and feel a strong sense of participation.

This philosophy, style and commitment reach beyond our immediate staff to the training, communicating and supervision in existence for our franchise owners and members of their staff. In addition, franchise owners actively participate in the development of operational policies and serve on task forces that seek to improve the system. Beyond that, we have committed millions of dollars in facilities, trainers, and visual aids to introduce people to our concept, philosophies and procedures. This commitment is ongoing and we believe it is one area that separates us from our competitors.

> Return on investment will drive up earnings per share, attract new investors, and retain current investors."
> **—Phil Barksdale**

Commitment to quality products . . . to a quality organization . . . and to a planning process are three precepts that have aided us. Some of this may apply to others, some may not. I think it's incumbent upon each company to analyze its own condition and develop its own philosophies dependent on its own unique characteristics that will spell the difference between success and failure.

Phil Barksdale

Vice President

Holiday Inns, Inc.

Until recently, we gauged success primarily with earnings per share as the standard barometer or measurement. We considered unit growth and expansion as the second most important measure. We are beginning to revise this way of thinking.

Today, we define success in terms of profitability, that is return on investment. We have come to grips with the issue of increasing real sales growth per unit.

In this industry, successful companies have been able to increase real sales per unit. Marginal performers may have grown in terms of units, but they have not been able to show real sales growth. We have also seen how poor operational performance and weak middle-management strength have contributed to failure. And very often, among poor performers, their management failed to understand where they were in terms of the life cycle of their product.

Traditionally, size (number of units) has represented success in this industry. Today, for the most part, size is not as important a factor in achieving success as real sales growth per store.

Industry problems

One of the key issues facing a foodservice company today is inflation, particularly rising food and labor costs and the decrease in disposable income.

We are also concerned not only about increases in the cost of gasoline but the possibility of a decreasing fuel supply.

Another problem with which we all have to deal is our ability to pass along some of these rising costs to our customers without losing sales. We have to learn to handle this problem through better marketing and better operational programs.

We are a maturing industry facing saturation and as this process develops it is going to impact by slowing growth in some areas of the country.

Success criteria

In light of this, should we change the existing measures of success? And with what should we replace them?

Internally, R.O.I. must be a key measure of success given the current cost of capital. Return on investment will drive up the earnings per share and that will attract new investors and retain current ones.

Another question relative to growth and success is: How does top management perceive the business? I believe how top managers perceive their businesses is related to the segment of the market in

Civilian Per Capita Consumption of Meat and Fish
(Retail Weight in Pounds)

Figure 12

	1960	1970	1973	1974	1975	1976	1977	1978	1979*
Red Meats	134.1	151.4	142.6	152.5	145.5	155.3	154.6	149.3	145.8
Beef	64.3	84.1	81.1	86.4	88.9	95.7	93.2	88.9	77.9
Veal	5.2	2.4	1.5	1.9	3.5	3.3	3.2	2.5	1.7
Lamb and Mutton	4.3	2.9	2.4	2.0	1.8	1.7	1.5	1.4	1.4
Pork	60.3	62.0	57.6	62.2	51.2	54.6	56.7	56.5	64.8
Fish *(edible weight)*	10.3	11.8	12.9	12.2	12.3	13.0	12.8	13.4	13.7
Poultry	34.0	48.5	49.2	50.0	49.2	52.5	54.1	57.1	62.0
Chicken	27.8	40.5	40.7	41.1	40.6	43.3	44.9	47.7	51.8
Turkey	6.2	8.0	8.5	8.9	8.6	9.2	9.2	9.4	10.2

** Estimated.*

Source: U.S. Department of Agriculture.

which they do business. Some would place greater emphasis on marketing of the concept while others would place more emphasis on operations. However, both would consider themselves as being in the service business. But the interpretation of the word service could be misunderstood. Service implies satisfied customers, which in turn is related to the customer's perceived value. Service has been rendered only when the customer perceives he has received value for his money.

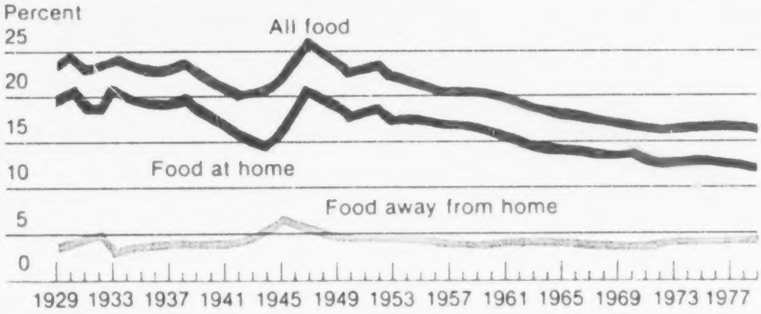
The employee-variable

We must remember that the foodservice industry is different from other businesses. One important difference is that the final product and the means through which it is served is a function of the training, morale and attitude of the employee. This extreme vulnerability to the employee-variable differentiates the restaurant industry from all other businesses.

Customers ultimately determine the success or failure of restaurant ventures. There must be a clear focus on the customer. Manage the customer, not just the employee.

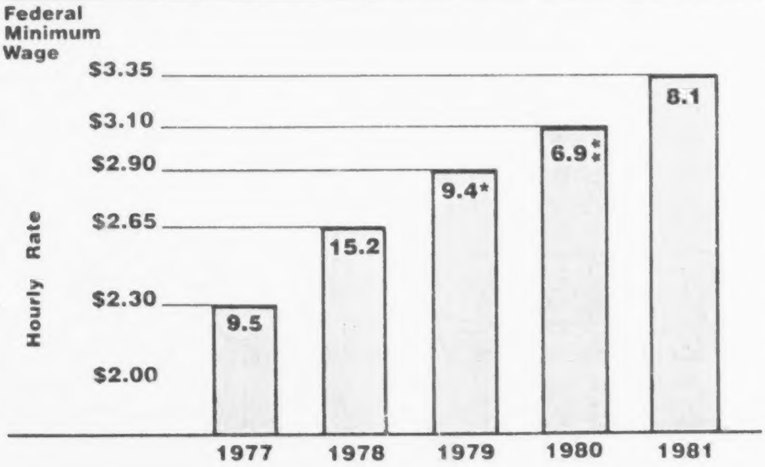
Because we are in a service business we must motivate and train personnel, we have to reduce turnover and deal with the issue of turnover. We also have to understand the customer. We must know his needs and develop effective means of fulfilling these needs.

Expenditures for Food as a Percent of Disposable Personal Income, 1929-1979 *Figure 13*



Source: Department of Commerce

Minimum Wage Escalation (percent change) *Figure 14*



**For tipped personnel, the wage hike was 20.4 percent due to the reduction in tip credit from 50 percent to 45 percent of the minimum wage.*

***For tipped personnel, the wage hike was 16.6 percent with tip credit set at 40 percent.*

Successful foodservice companies use the professional management tools of strategic planning, research-driven product development, quality control, and an understanding of the consumer's perceived value of his product.

They must also develop superior communication with employees. Communicate well-defined goals, honest, consistent policies, and develop a keen appreciation for the human resource.

Ideally, a successful foodservice company is able to retain the entrepreneurial spirit balanced with professional management.

Fortunately, our growing returns have made acquisitions in our industry attractive to professionally managed companies. The result has been an infusion of professional management concepts.

What will be required of a successful company as it moves through the 1980s? I see five keys:

1. While not having total participatory management, improved communication and input from the employee is essential. There must be better communication flowing in both directions, management to employee and vice-versa.

2. A re-evaluation of the organization and its management tools should be an on-going process. New organizations should evolve to replace ineffective structures and new management tools developed to deal with a changing organization.

3. An atmosphere and spirit of trust should be created. Points of view should be expressed openly without fear of reprisal.

4. Concern with helping people relate to more information about their business and adjust to the demands for performance dictated by this information and the controls it will create.

5. Well-balanced decision-makers, acting on time with strong planning skills.

John Farquharson

President Institutional Services

ARA Services, Inc.

Our objectives in the segment of the industry that we serve is "growth with quality." We feel that our most important asset is our people. Unlike most dining businesses, we operate in someone else's house. We don't own our establishment. We operate in IBM or Boeing or McDonnell Douglas. We have to manage to their specifications and design our management training so that our managers can respond to a variety of needs. We can't train managers to do a specific duty and know that this will mean success throughout the country.

I saw an indication of this last week. I was here in the Louisiana Gulf visiting offshore oil well foodservice operations. We feed the crews on the rigs in the Gulf. And their specifications are obviously much different that a hospital dietary program or a college dining program. Management has to plan for all of these activities. Basically, when I go to talk to them, I go with a plain piece of paper and develop an approach to meet their specific needs from scratch. We must continue to encourage this thought process in our segment of the industry.

I've been with the company twenty years and we have seen a dramatic growth. We've been developing new business around the country, including Alaska and Hawaii. We operate in excess of 300 colleges, in excess of 300 hospitals and about 100 public school districts, and for the most part, each operation has different needs. We must meet these needs and always keep in mind that we're no better than the last meal we've served.

We realize that to continue to grow, we've got to do a couple of things and do them more effectively than we've done in the past. For example, we must pay more attention to the balance sheet. In the past, the industry looked very closely at the P&L. We look very closely at accounts we take. We won't take them unless they provide an adequate return. The key problem area, I feel, in our segment is in the untrained manager, the inflexible manager. We spend a lot of time and dollars in the training and development of our managers. We feel that our continued success is in the selection, training and supervision of quality management.

There seems to be a certain excitement about being involved in foodservice . . . the Alaska Pipeline, the Olympics, serving a college community, etc. The managers, over time, see a diversity of operations so an individual can gain experience in many different parts of the food business while still having a career with the same company. We have 46,000 employees in the Institutional division of ARA. Having them feel that they are part of a team that provides a very meaningful service to college students, people at work or patients in the hospitals, is an important objective for us.

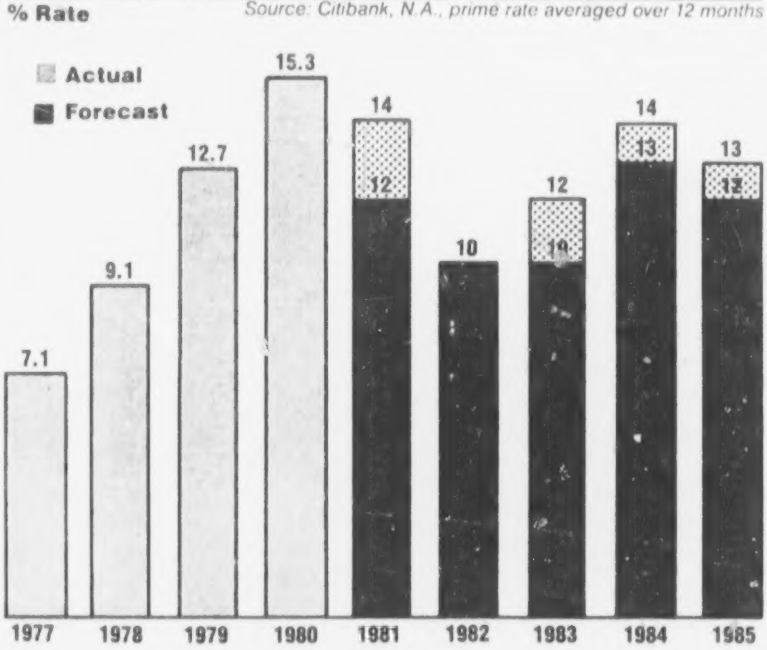
Even our advertising is pointed to our employees. We're proud of what they do and we want them to know it.

We, at ARA, are optimistic about the future of our industry and our role in that future.

> "The key problem area in our segment is in the untrained manager, the inflexible manager. We spend a lot of time and dollars in the training and development of our managers. We feel that our continued success is in the selection, training and supervision of quality management."
>
> —**John Farquharson**

The Double-Digit Prime Rate *Figure 15*

Source: Citibank, N.A., prime rate averaged over 12 months



Joseph Lee

President, Restaurant Division

General Mills

Success has historically been defined by the industry as the ability to grow quickly, to build lots of units and to see very fast earnings per share growth. I think we'll be seeing our definition of success change to include market-share level of profitability and high return on investment.

Why are some successful and others are not? Usually, when I analyze a nonsuccessful company, I see a company that has lost control of its operations. Occasionally, I'll see product-cost increases that can't justifiably be passed onto the customer; and this reality forces severe margin shrinkage that ultimately results in failure.

Another major cause of failure is that some corporations which acquire restaurant companies are not sensitive to the restaurant business and stifle the entrepreneural spirit through too much corporate policy. I do believe that size is a factor. It's both a plus and a minus. Size works against effective communication but certainly does give you presence in the market place.

Concerning the question, "Is viability a concern"? Sure, Viability is a concern. It always has been and probably always will be. There are more choices today so the marginal operator or the old concept may be more likely to lose out. Viability relates to the marketing definition of "providing the right product at the right price and the right location."

I think the key vulnerabilities of the restaurant business are: inflation, and government over-regulation; followed by labor shortage, high turnover in the industry, and the training costs that result from that turnover.

The cost and availability of energy, and the fact that sites are becoming more scarce also make us vulnerable.

Keys to success

I do think we need new definitions of success. As I have said before, we need to put more emphasis on market share, more emphasis on profitability and more emphasis on return on investment while developing a very strong management base.

"To be successful in the 80s, operators will have to adopt decentralized management."—**Joe Lee**

Farquharson explains ARA's "growth with quality" objective.

Top management in our industry should realize that we're in the business to serve customers, to serve employees and to serve shareholders. We must also remember that we are in a risky business; a business that is easy to enter and exit, and a business that's cyclical. The implication of this perception: We are in business first for the customer; we must always be aware of the needs and demands of the customers, and we must be prepared for change.

We must also have controls, especially as a chain grows, if we want to achieve consistency in our performance. We also have to be aware of government regulation and its effect on all phases of our business.

Besides constantly competing with each other for the best locations, I believe that restaurants do compete on management policies: the decision to advertise versus not to advertise; the issues of compensation; site selection; growth rates; and most important, the level of decentralization.

The most successful management style in the restaurant business in the 1980s will be one that encourages good strategic planning and that allows for risk-taking by willingly taking on carefully planned new ventures/concepts. To be successful in the 80s, operators will also have to adopt a decentralizing management style—decentralizing operations and balancing that policy with centralized policy-making at the corporate level.

Management caliber

The industry is attracting top caliber management, and we will attract stronger people as larger organizations emerge.

To succeed in the future, we will require people with broader management skills: operations, marketing, and financial skills. And things are improving in this area. We're seeing better foodservice management education. For example, in 1974, 41 colleges had foodservice management programs, while in 1980, 84 colleges had foodservice management programs. And in the last three years, there has been a 60 percent increase in graduates of these programs.

Today, the old strategies aren't working as well as they had in the past. Ultimately, the outcome for companies employing strategies that don't change will be lowered earnings. What are the new strategies? I suggest companies should: (1) increase the decentralization of their management structure; (2) continue to be sensitive to changes in consumer preferences; (3) spend more time training; (4) increase their participation in government, (5) invest in more labor-saving equipment, and more energy-efficient equipment; (6) improve their financial analysis capabilities, and (7) improve their system of site location.

In order to implement these new strategies, we need to have a well-defined plan which involves all levels of management. Then, periodically, we've got to evaluate ourselves against our own benchmarks and against others in the industry.

George Rice

continued from page 177

these macro-economic variables independently, it is important to realize that it is the interaction of all of these forces that drives the foodservice economy.

Disposable personal income— Real disposable income which represents income after taxes typically increases 3-to-3.5 percent annually. However, we can see that in the second quarter of 1979, the growth in disposable income began to decline (see figure 3). There is a direct relationship between the growth of DPI and the real growth of the foodservice industry. Thus, it is not a coincidence that in the spring of '79, we saw a drop in customer traffic, which continued to show negative growth for most of 1980. (see figure 2). During the same period, DPI dropped significantly, and posted less than a one percent increase for the entire year.

High inflation, above 10 percent, and a weak economy are expected to hold real income to only a 1.4 percent increase in 1981.

Over the next five years, real disposable income is expected to increase between 2.5 and 3.0 percent annually.

Demographics—Single-person households and two-income families have more than doubled since 1960, while other households have remained relatively flat (see figure 4). These household units are forecasted to continue to grow over the 1980s. Their growth rate works to the benefit of the foodservice industry. Over the next five years we expect single-person households and two-income households to increase by four to five million.

Higher income households have contributed disproportionately to the growth of the foodservice industry. Since 1967, the median household income has increased from $12,000 to $14,000. By 1985, we expect the median income to increase to at least $15,000.

Working women have exerted the greatest force on the growth of the foodservice industry. First, working women add to household incomes; and second, they rely more heavily on away-from-home-meal preparation. In 1974, 54 percent of all women, ages 14-55, were in the workforce. Today, over 62 percent of all women in this age group are working. By 1985, it is expected to reach 65 percent.

Food inflation—When the Consumer Price Index for food increases, it has a negative impact on restaurant sales. Additionally, when the CPI for food-away-from home increases faster than the CPI for food-at-home, restaurant sales suffer added decline.

In the second quarter of 1979, the CPI for food-away-from-home surpassed the CPI for food-at-home. (see figure 5). However, in the fall of 1980, the two lines again crossed in the industry's favor. At-home food prices will increase faster than away-from-home only during the first half of 1981, and then drop to our disadvantage through 1982.

Food inflation is expected to increase by 12 percent in 1981 following an 8.4 percent increase last year. By 1985, food inflation is expected to slow to 7-8 percent.

Travel/transportation — Accompanying the economic downturn in 1979, there was a dramatic increase in crude oil prices which boosted gasoline prices by 35 percent in 1979 and by another 39 percent in 1980 (see figure 6). In addition, a major gasoline shortage occurred in the summer of 1979. Both factors caused a significant curtailment in family driving (see figure 7). And of course, the restaurant industry is heavily dependent on travel.

The Chase CPI forecast for gasoline tells us that we are over the hump of this negative force on our industry. The major increases occurred during 1979-80. We expect retail gasoline prices to increase by only 12-14 percent in 1981, and 10 percent annually through 1985.

Also, after several quarters of negative growth in miles driven per family, we have seen a trend upward in this travel indicator during the last half of 1980.

Forecast—Given the historical data from CREST and the forecasted variables which Chase has identified as driving the commercial foodservice industry, we see the following short and long term outlook for real growth (see figure 11).

Short term—Our 1981 forecast includes a very weak first quarter (Dec.-Feb.), with some strength starting to show from March onward; but resulting in a real growth rate of minus one percent, with nominal sales increasing 12.8 percent in 1981.

Long term—Following 1981, real growth is forecast at three percent-plus for the next two-to-three years, with nominal sales growth between 13 and 16 percent annually. If this occurs, and we feel it will, the commercial portion of the industry will surpass the sales and traffic levels of 1979 in real terms by late 1982.

Strategic planning: Part I

Touche Ross provides general management consulting assistance on a wide range of strategic and business policy issues. This is the first of a three-part series on strategic planning for the restaurant industry by Touche Ross, based on its presentation at the Restaurant Business Roundtable, of which it was a co-sponsor. In subsequent issues, Touche Ross will discuss: In Part II, a strategic planning model tailored specifically for foodservice businesses; and in Part III, the implementation of strategic plans.

Ram Capoor
Management Consultant

Touche Ross & Co.

The foodservice industry is an industry that is maturing. You are facing a softening consumer demand. You are facing rising prices and increased cost pressures. Many companies have curtailed expansion programs. You operate in a market of changing demographics, changing meal patterns, and intensive inter-segment competition.

To help business managers think through strategies for the restaurant industry, we at Touche Ross have developed a framework for the strategy development with nine major elements as shown in *Exhibit I.*

Now let us start with the first point in the strategic framework. We believe that it is very important to recognize the uniqueness of the service business that you are in. What do we mean when we say that service businesses are unique? To begin with, we need to recognize that most of our traditional planning vocabulary is manufacturing oriented.

"Because manufacturing has been the dominant economic force of the last century, most managers have been educated through experience or formal education to think about strategic management in product-oriented terms. Unfortunately, a large part of this experience is irrelevant to the management of many service businesses. The general manager of a service business must develop a healthy skepticism about his and others' approaches to strategy." (From Dan R. E. Thomas, "Strategy is Different in Service Business," *Harvard Business Review,* July-August, 1978.)

We can identify the shortcomings of product concepts as they apply to the service business using the matrix in *Exhibit II.*

The key difference between a manufacturing and service business is that they have different components as shown in *Exhibit III.*

When talking about the service business most people tend to focus on the process component which in the foodservice industry is the process that results in the delivery of meals to customers. However, it is very important to recognize the interactive component and the customer component of the service business.

The interactive component in the foodservice business is, for example, the interaction between the waitress/waiter and the customer in the actual delivery of service, but also includes interactions of managers, bus-boys, cashiers, etc. with customers.

Exhibit 1.

Suggested Strategic Framework

1. Recognize service business uniqueness
2. Define business in terms of markets (not products)
3. Segment markets based on strengths and opportunities
4. Establish Strategic Business Units (SBUs) in terms of business and market segments
5. Formulate success model for each SBU
6. Develop strategies for execution
7. Organize to execute
8. Establish management controls
9. Monitor progress/variances, adapt

The customer component in foodservice is the customer's role in the transaction, his behavior relative to his expectations and needs. In a service business, every service occasion to each customer is a unique event.

The process component in the foodservice industry or any other service industry offers limited opportunities for innovation. Even when innovation occurs, like a new method of food preparation or storage, it is easily copied. The opportunity for differentiation lies in the interactive component of your service. It cannot be completely standardized because human beings cannot be standardized, both servers and customers have different moods and attitudes from one moment to another.

This is the area where a foodservice company can best create a perception of value-added, assuming it serves quality products. If the company succeeds in developing the right attitude among its servers—in a way that the customer perceives value-added—this will be a major differentiating factor, and will be difficult to copy.

Because of these unique features, we believe that foodservice companies should define the business in terms of markets and not products. One way to think of company or a company's strategy is to do so in terms of the concept of the driving force. The driving force of a company is the primary factor which drives that company's management activities and strategies.

A product-driven company thinks in terms of products. They develop new products similar to old products. They look for new momentum for their products. Their

continued on page 200

ideas do not come from the definition of the market place. They start with the product idea and still live with the product definition of the market. Examples of product companies abound, a company that calls itself an office-products company—or a hamburger company, or seafood restaurant, etc.—is product driven.

Companies can also be operationally driven, for example, a company which has as its major objective to be the least cost producer. This is common in commodity business like paper and carton producers. Companies where the motivation is to build a portfolio of businesses which satisfy certain established financial criteria—such as the achievement of a specified return—are financially driven. Conglomerates in many disparate businesses, like City Investing, are good examples of financially driven companies.

Companies are market driven when they say: "Here's a specific market we are trying to serve. What, therefore, should we offer to that market place? What services should we provide?" Some of the premier consumer products companies, like Proctor & Gamble, and Norton Simon, are examples of market driven companies even though they sell products.

Based on our observations, we believe that in the past, foodservice industry participants have been largely product driven and have seen themselves as being in the hamburger business, the fish business or the doughnut business, etc.

We would suggest that today, given what we have learned about the changing environment, given the fact that there is so much competition, you need to know who really is your customer. And you need to recognize that there are different customers, with different needs representing different markets. Is it families in the urban Northeast in certain age groups and certain income groups or is it an occupational group?

Most businesses have more than one customer set, the more there are the more important it is to understand who they are. Then, to understand why they come to you and when, as well as the reasons and times they don't think they need your service.

How should a foodservice company identify its markets and segment them? Market Segmentation must be based on strengths and opportunities. In the foodservice business there are many segmentation variables: age, sex, region, occupation, income, meal occasion, location, and activity.

There is no one right cut. You must start with the needs your business currently satisfies, and then define the customer sets you serve.

This should lead to the establishment of Strategic Business Units, preferably separate business units for each different major market you serve.

continued on page 202

Exhibit 3

A Service Has Three Components:

1. Core—Basic Process—Finite Number of Variations
2. Interactive—Infinite Number of Variations *Delivered* in Partnership
3. Customer—Infinite Number of Needs/Expectations Received in Partnership

PROCESS COMPONENT

Core service/Basic service
Usually a process:
- Airline flight
- Loan transaction
- Meal occasion
- Audit process

- Process component may be standardized, mechanized, etc.
  - Cannot be inventoried/stored
  - Little opportunity for perception of value-added by customer
  - Easily copied
  - Maybe capital intensive
  - Little opportunity for differentiation

INTERACTIVE COMPONENT DELIVERED BY PROVIDER

Interactive component:
- Infinite variation

- Interactive component cannot be totally standardized
- Great opportunity for perception of value-added by and with customer
- Difficult to copy
- Great opportunity for differentiation

CUSTOMER COMPONENT

- Expectation
- Need

- Customer component is infinite in terms of:
  - No. cust. x no. of services x no. of opportunities to serve
  - Expectations
  - Needs

For a foodservice company with one concept, geography may be the major segmentation variable between markets. Thus each major geographical market area could become an SBU. What does that mean? It should mean that each SBU should be as stand-alone a business unit as possible with its own general manager and as full a complement of line and staff functions as feasible.

Exhibit 2

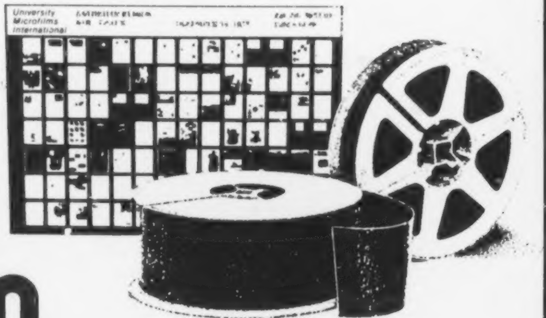
Shortcomings of Product Concepts When Applied to Service Businesses*

Product Concept	Application to Service Business
• Physical reality of product provides simple but powerful base on which to build a business description.	• Services are more abstract and more variable than products.
• Capital is the most common barrier to entry of competition.	• Building barriers to entry is generally more difficult, or at least must be done in less traditional ways.
• Operating leverage can be improved by purchasing faster, more reliable machinery.	• More difficult in service businesses, opportunities are there but required different ways of thinking about operations.
• All product oriented companies have ways of determining product cost.	• Difficult to determine what a unit of service is, much less its cost.
• Virtually all product companies have some form of R & D to design, develop, test new products.	• Complicated by lack of physical product; deals instead with people and concepts, difficult to test market.

**Summarized From Dan R.E. Thomas, "Strategy Is Different In Service Business",* Harvard Business Review, *July-August, 1978.*

A SBU should be a self-contained mini-chain within a chain. Current practice in the industry by contrast is to organize functionally (operations, real estate, marketing, finance, etc.) at the top and then to break-out functions like operations regionally. Naturally, companies organized into SBUs will require each SBU to adhere to certain common guidelines and policies. The SBU concept is common-place in the manufacturing sector, pioneered by companies like G.E., but of relatively recent vintage in the service industry. Citibank has been a leader in the services sector.

Why organize by SBU? SBU management encourages entrepreneurial behavior. It provides the SBU general manager with most of the resources he needs to get the job done and he can be held accountable for the results. You can build pride, team spirit, and good people with the SBU concept. □



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Fire Safety

Can we do more?

by Denise M. Garbedian

The cost of fire reaches beyond the loss of a business. Accordingly, concerned operators should carefully examine their units.

"There was flame and smoke and it just rolled into the room and it was the blackest smoke I'd ever seen. The only way (to describe it was) if you could just take oil and get it to roll in mid-air. . . . Up until that time everybody was orderly. There wasn't any chaos—no screaming, no panicking. It was when the people saw the smoke and the fire that they became panicky and started screaming. I knew this was it; that we were going to die."—Excerpt from an interview with one of the survivors of the 1977 Beverly Hills Supper Club fire.

The cost of fire reaches far beyond the destruction of a business. Along with every fire comes the risk of injury or death to customer employee, and/or firefighter. The price tag for a human life is too high for the responsible restaurateur or hotelier to afford.

However, even the most conscientious operator can get tangled in the web of factors that might contribute to the inception and spread of a fire.

Modern architecture and engineering, slack fire codes and their (lack of) enforcement are potential hazards. These can combine with combustible design and building materials, poor evacuation procedures, sloppy "housekeeping", lax maintenance and insufficient means of egress to turn an outwardly "model" operation into a veritable tinderbox.

Statistics reflect the tragic impact and consequences of fire and the growing need for more stringent fire safety.

During 1979 fire killed approximately 11,800 people in the U.S. Total property damage by fire exceeded $4 billion.

According to the National Fire Protection Association (NFPA)—the oldest and largest non-profit fire prevention and investigation organization in the U.S.—26,800 fires per year are reported in the restaurant/tavern classification. The estimated loss from these fires is $65,300,000 or $2,437 per fire. (See table on page 225.)

The American Hotel and Motel Association (AH&MA) claims business and leisure travelers are still safer in a hotel than at home.

According to the AH&MA, 75 percent of all U.S. fires occur in residences. NFPA figures estimate in 1979 there were 11,500 hotel fires (a drop of 4.2 percent from 1978) which accounted for approximately $100,000,000 in property loss.

The end of 1980 was marked by two disastrous lodging fires.

On the morning of November 21, a fire swept through the MGM Grand Hotel in Las Vegas leaving 84 people dead and 679 injured.

Almost two weeks to the day later, 26 people—most of them corporate executives—died in a flash fire that trapped them in a conference room at the Stouffer's Inn in Harrison, New York.

Fire continued to plague the industry into the new year. On February 10, 1981, Las Vegas was once again the scene of a fatal hotel fire. A smokey blaze at the Las Vegas Hilton killed five and injured over 100. It should be noted that both the Stouffer's and Hilton's fires were alleged to involve arson.

The outcry from the shaken public sector requires heightened awareness by both the restaurant and hospitality industries.

Re-examining the cause of the Beverly Hills Supper Club, MGM Grand, Stouffer's Inn or Las Vegas Hilton fires may seem like a moot point. But it is important (and unfortunate) to remember that effective life safety systems evolve from a deadly trial and error process.

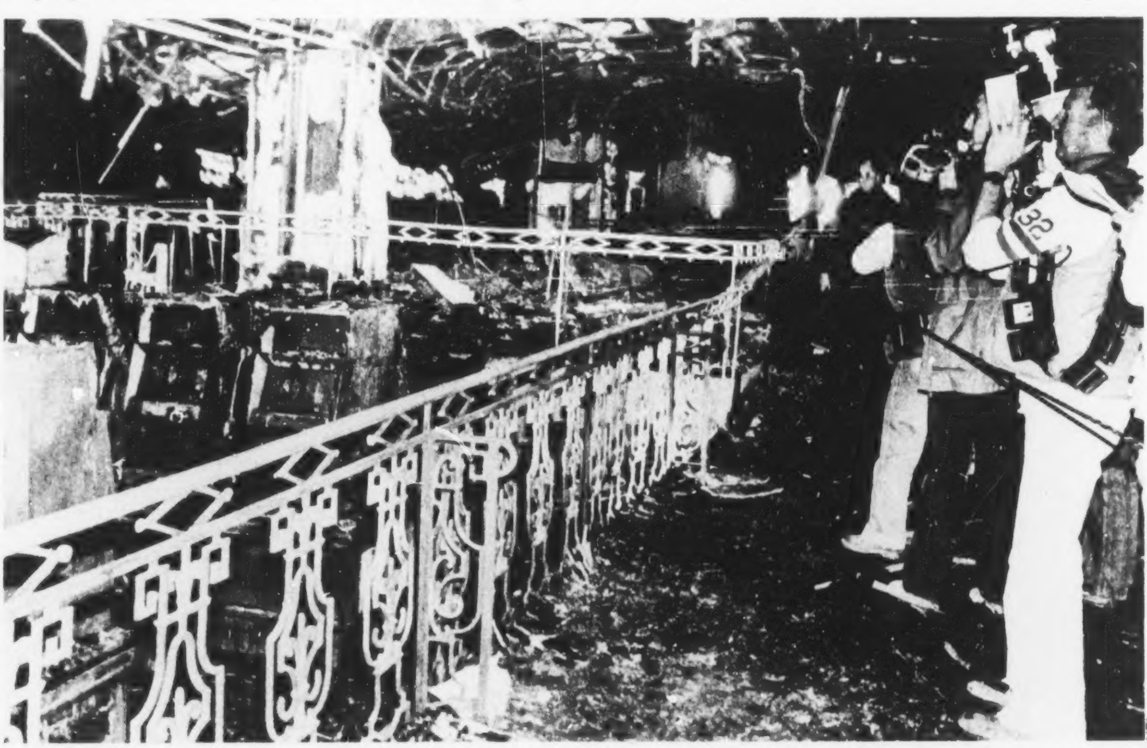
There is a compelling need for a more thorough scrutinization of fire codes and operators should closely examine state and local fire codes as well as investigate available fire prevention and fire protection methods.

Fire prevention methods are measures directed toward *avoidance* of the inception of a fire. Fire protection is defined as methods of providing for fire control or *extinguishment.*

"The greatest problem in fire protection and prevention is lack of uniformity in fire codes," notes Ray Ellis, executive vice president of the AH&MA and director of research and security. "There is no national code and there are 18,000 separate state, county and local jurisdictions nationwide. Each town has its own version of model codes."

The lack of a sprinkler system in the conference room at the Stouffer's Inn in Harrison, New York can be used as an example to demonstrate how codes in neighboring communities can differ.

Had the hotel been located in bordering town of White Plains (approximately six miles away), local codes would have required



UPI

Melted slot machines were part of the rubble viewed by cameramen and reporters the day after the MGM Grand fire.

Fire Safety *continued from page 211*

sprinkling in the conference room.

Newspaper reports implied a sprinkler system might have resulted in fewer deaths. However, Ellis contends that such a system would probably have had little impact given the intensity of the heat, the amount of toxic fumes and rapid fire spread.

Currently under investigation for arson, the fire apparently burst through the ceiling as a "ball of flames" and scorched a 100-foot section of the building. The hotel had voluntarily installed sprinklers in the lobby of the center and outside the conference area but had not included the conference room itself.

Life Safety Code

Although there is no mandatory national code, the NFPA's Code for Safety to Life from Fire in Buildings and Structures is one of the most widely used guidelines.

Michael Shenkman, an NFPA spokesman, estimates that 96 percent of the jurisdictions in the U.S. reference or use part of the Life Safety Code in their local codes.

Although the Code does not attempt to cover general fire prevention or building construction features (areas covered in fire prevention or building codes), it does cover construction, protection and occupancy *features* to minimize danger from fire, smoke, fumes or panic before buildings are evacuated.

The Life Safety Code includes specification of the number, size, and arrangement of exit facilities that will allow the prompt escape of occupants from buildings in case of fire.

The Beverly Hills Supper Club fire

The nightmare of the Beverly Hills Supper Club fire should serve as a reminder to restaurant operators of their responsibilities to prevent injury to their employees and patrons and prevent the loss or destruction of their business.

The NFPA documented the blaze in its account: "Reconstruction of a Tragedy—The Beverly Hills Supper Club Fire." According to the report, it was the worst multiple death building fire in the U.S. since the 1942 Cocoanut Grove night club fire in Boston and the sixth worst fire in U.S. history.

There are approximately 26,800 fires per year in the restaurant/tavern classification. The estimated loss is $65,300,000 or $2,437 per fire.

On the Saturday night of Memorial Day weekend, May 28, 1977, a fire raced through the Beverly Hills Supper Club in Southgate, Kentucky. The blaze claimed the lives of 164 patrons and employees and injured 70 others. The building was completely destroyed.

An investigation of the site was conducted by the NFPA under contract to the National Bureau of Standards and the National Fire Prevention and Control Administration. The following is an account of the NFPA's findings:

"A fire burned in a small unoccupied function room (Zebra Room) on the opposite end of the Club for a considerable time before discovery. The NFPA determined the probable cause to be electrical in nature—See table page 225.—with the ignition of combustible material in a concealed space.

- The restaurant's staff attempted to extinguish the fire before notifying occupants to evacuate from the building and prior to calling the fire department. There was no evacuation plan establishing fire emergency procedures for the Club. Employees were not schooled or drilled in duties they were to perform in case of a fire.
- The number of people in the Cabaret Room (most fatalities were occupants of this area) exceeded by about triple the number of occupants the room could safely accommodate. The number of occupants in the total building on the night of the fire exceeded by about double the number of people that could be safely accommodated.
- The capacity of the means of egress for the Club and especially for the Cabaret Room was not adequate for the occupant load based on square feet per occupant or for the actual number of occupants in the building at the time of the fire.
- The interior finish in the main corridor exceed flame spread allowed for places of assembly in the Life Safety Code and contributed to the rapid spread of the fire from the Zebra Room to the Cabaret Room. (The fire spread across a main corridor of approximately 200 feet in an estimated two to five minutes.)
- The Club was not provided with an automatic sprinkler as required by the codes in effect at the time of the fire.

"As I came out, I turned to look and the people weren't screaming anymore. The smoke had covered them all up. . . . They died because there wasn't any time to get them out. If there had been three more minutes, those people could have gotten out."—Excerpt from an interview with a survivor of the Beverly Hills Supper Club fire.

The commentary by one survivor should be a call to action for owners and operators. Life safety is as dependent on good common sense as it is on sprinkler or smoke detector systems.

Check the number and location of your exits. Are they accessible? Can they be reached quickly?

Operators should check to see that exit signs are well-lighted. If they are not, check the wiring. This is not an expensive job.

In addition, school employees in evacuation procedures. Drill the staff periodically.

Since turnover is a problem in the industry, thoroughly trained managers should review evacuation procedures with employees every six to eight weeks.

Many of the employee actions at the Beverly Hills Supper Club fire were described as "heroic." Hostesses, waiters, waitresses, bartend-

continued on page 215

ers and busboys along with the managers initiated evacuation without previous instruction. And, although evacution was called "calm and orderly" (up until the appearance of dense smoke), this was due to the occupants apparent "lack of appreciation for the seriousness of the emergency" rather than an workable escape plan.

No operator should leave evacuation procedures to chance.

Self-inspection program

Andrew Poledor, director of public health and safety for the NRA, maintains that "good housekeeping" is an important factor in fire prevention. He recommends that a self-inspection program should be conducted at regular intervals. (The NRA provides an inspection checklist.)

Poledor also believes the "ten commandments" of fire safety cover the paramount concerns of protection and prevention. (See box this page.

George Kelly, a former New York City fire marshall and president of Kelroe Associates, a fire consultant firm, agrees with Poledar on the importance of self-inspection. Kelly also suggests that restaurant operators contact their local fire department for guidance.

"When the restaurateur completes the inspection, the results should be sent to the local fire department. This way potential danger spots can be pinpointed," he says.

In addition, Kelly recommends that local fire officials become acquainted with a restaurant or hotel under "normal" conditions rather than a first introduction to a property engulfed in smoke and flames.

"While there is no system that will guarantee that a building is fire proof, a periodic self-inspection, several accessible exits and an effective sprinkler system combine to make a building fire safe," he explains.

Combustible materials

A member of the Kentucky business community points out that families of the victims of the Beverly Hills Supper Club fire are still in litigation with companies that provided the Club's furnishings and materials.

According to the NFPA report the rapid spread of the fire was partly attributable to the presence of "combustible ceiling tile and wood materials .... (that) provided a fuel supply for the continued spread of the fire. . . .")

Indeed, the lethal contributions of combustible decor items and furnishings to modern fires are causing growing concern in several sectors. The restaurant and hotel industries should be alerted to these possible hazards.

"Ten commandments" of fire safety

1. Make certain portable fire extinguishers are: properly located and mounted; of the correct type, size and properly identified; and fully charged and maintained.
2. Train all employees in the proper use of portable fire extinguishers.
3. Train employees in conducting a patrons evacuation of your restaurants.
4. Post emergency telephone numbers in appropriate locations.
5. Paths of exit must be: unobstructed, well lighted, equipped with emergency lighting and exit signs.
6. Do not permit the accumulation of refuse or rubbish. Follow recognized housekeeping procedures.
7. Clean your kitchen hood, filters and duct of grease accumulation.
8. Have your kitchen hood's automatic fire protection system inspected and serviced by qualified persons every six months.
9. Have your automatic sprinkler system inspected annually.
10. Inspect your electrical system for: frayed wiring, prohibited use of extension cords, over loading of circuits, clearance around motors to prevent over-heating, and ready accessibility to all electrical panels.

Although construction techniques are being perfected to control fire, the same cannot be said for materials contained in restaurants, hotels, offices or even residences.

"We are left with, in effect, compartmented fire proof areas," begins Norman DeHaan, a Chicago-based architect and designer. "These areas are controlled incinerators which means the only thing left to burn may be what we put in them .... people and furnishings."

Synthetic materials used in the manufacturing of room furnishings may produce toxic gases which both feed the fire and asphyxiate the victims.

"Over the past ten months major disasters in four hotels, one office building, two nursing homes and a boarding house have resulted in 162 deaths and 500 injuries. The major cause of these deaths were smoke and toxic gases. The major generator of smoke and toxic gases are the buildings furnishings, particularly fire retardant and synthetic products," he emphasizes.

DeHaan is not alone in his recognition of the deadly potential of burning furnishing and decor materials. During the Beverly Hills Supper Club fire, the NFPA describes the smoke as "dark—almost black to the occupants. In addition it would have been extremely irritating causing a burning sensation to the nose and tearing of the eyes. This was due to the nature of materials undergoing combustion, i.e. the carpets and wall paneling."

The account continues to describe the contents of the smoke as containing "toxic gas species with carbon monoxide as the principal gas." In the early stages of the fire this colorless, odorless gas induced, confusion and disorientation. "As the levels of the gas increased in the later stages of the fire, carbon monoxide resulted in unconsciousness and ultimate death to many of the occupants," the report states.

The NFPA preliminary study also indicates that the fire at the

continued on page 216

MGM Grand gained fuel from combustibles "such as wooden decorative items and foam plastic padding of chairs and booths." In addition, plastic ceiling panels exploded when ignited and dripped firey molten plastic.

To address the problem of flammability and potentially toxic contents of manmade materials, DeHaan feels the blame should be first placed on chemical companies—who he feels are the villains and source of the problem.

The fire swept across the MGM's kitchen to the front of the building.

He insists that these companies and their products (few of them tested or fire rated) should be regulated by the government.

DeHaan explains: "There is no way of knowing how Chemical A present in the wall paneling and Chemical B present in the carpeting and Chemical C present in the furniture will act and interact in the case of a fire. Will there be an explosion? Are toxic fumes emitted? Nobody knows what will happen. Even the manufacturers don't know."

DeHaan believes the goal is to prevent fires by regulating the use of flammable materials for furnishings. However, this suggested regulation raises what DeHaan himself describes as "questionable regulatory issues."

The first problem is availability. "Owners may, obviously, buy anything, anywhere they wish, nor is there anyway of knowing how, when or where such purchases may be made," he notes.

This is an important area for consideration and the point is well made. It is hard to imagine restaurateurs or hoteliers would agree to regulations that would restrict their buying habits and limit their freedom. And, even if these regulations could be passed, how successfully could they be regulated?

The other stumbling block is, of course, economics. "Unfortunately, costs rears its ugly head . . . few clients want to be told such materials will add 10 percent to 30 percent to their upholstered furnishings cost, limit the selection of materials and restrict the number of suppliers," he continues.

The economic squeeze on operators from all sides and the resulting shrinking margins make higher decor costs seem the least of an operators priorities.

These factors make DeHaan's goal a considerable struggle. However he believes that "regulatory language that encourages design compliance without penalizing the design professionals who recognize their responsibility as well as their liability" may be a step towards a solution.

Whether or not restaurant and hotel operators agree with DeHaan about regulatory measures, they should take note of the advice he gives his fellow architect and designers for his message is certainly applicable to all:

"We must be aware of the problem and we must be willing to do something about it. We must become aware of dangerous and potentially toxic materials and what happens when a product is ignited. We must be aware of not only local fire regulations but what is happening nationally.

"And finally, we should take pride not only in beautiful interiors but their life safety standards as well," he concludes.

Building fire codes

DeHaan's suggestion of regulatory codes for furnishings seems unachievable in light of the difficulty in regulating—and enforcing the building codes.

As stated previously, the stringency or laxity of fire codes depends entirely on the locale.

New York City and California fire codes are generally considered to be the toughest in the nation—perhaps a result of the density of population.

In a listing of fire death rates in 50 U.S. cities (1974-1977 average), New York City ranks 25th with 36.4 deaths per million persons. (These figures are from the National Center for Health Statistics. See table on page 228.)

Fire consultant Kelly points out that hundreds of Manhattan restaurants fall under the jurisdiction of New York City's Local Law #41. (It is also known as the Blue Angel Law—named after the Blue Angel Cabaret. This was the site of a fire where six people were killed. The law went into effect January 13, 1979.) Local Law #41 covers places of assembly (more than 75 people) and requires emergency lighting, a fire alarm system connected to the local station and full sprinkling throughout areas designated as "cabarets."

continued on page 222

Designing fire-safe buildings

Partnerships bonded by a spirit of cooperation among the authorities (engineers, architects, plumbers, owners, etc.) involved in restaurant or hotel construction often result in a fire-safe structure built at an affordable cost.

"Before the building goes up—as early as the design stage—the owner should send an architect and an engineer to meet with the local fire marshall and other authorities," says Earl McKinney, an architect and principal in the Kentucky-based firm of Hammill & McKinney, Architects & Engineers, Inc. "This will help insure that the building will meet life safety requirements."

Thomas Mosgrove, an independent insurance agent in the same area, agrees with McKinney and offers an example of this type of cooperation in action.

"Recently, the owner of a proposed dinner theater took the plans to the Fire Rating Bureau. The bureau issued the design a rating which should have resulted in exorbitant rates. The owner then came back to me and we got together with the architect and engineer.

"We worked on the areas that had been pinpointed as possible trouble spots. As a result, when the owner took the redesigned plans back to the bureau, the new fire rating was much better (lower)," explains Mosgrove.

Due to this joint effort, the owner increased the life safety features of his dinner theatre and cut his insurance costs to a much more affordable level.

Advising owners about methods to keep their units fire safe and pull down insurance costs as well can also be done for existing buildings.

Proper wiring is a vital concern as electrical causes are second only to arson as the source of fires. Inadequate or poorly installed wiring can drive up insurance rates as well as cause a fire hazard.

McKinney believes that the aluminum wire commonly found in fluorescent lighting fixtures largely contributes to the ignition of electrical fires.

According to McKinney, the wire (which he says has a tendency to arch rather than remain tightly connected) shorts out and overloads. As a result, the loose connection can cause a short to simmer, even when the lights are off. Eventually, the short can touch off a fire.

McKinney strongly urges that the fire codes should require P ballasts (at a cost of $5 more per fixture) be installed in its place.

"I've investigated a number of fires where the cause was a loose wire. I believe that it's the little things that make a difference. The inclusion of P ballasts in lighting fixtures would, in my opinion, dramatically reduce the number of electrical fires," McKinney contends.

The key to fire safety is flame spread and the key to containing flame spread is a sprinkler system.

"Sprinklers are approximately 90 percent effective in controlling flame spread. In our restaurant designs we include specialized sprinkler heads that go off when the temperature reaches 165° to 175°. When the area has cooled down to a more normal temperature, the heads shut off to avoid flooding," explains McKinney.

While installation of a sprinkler system in a new building costs $1.65 to $2 per square foot, retrofitting can push the cost to as high as $4 for the same space.

However, Mosgrove points out that retrofitting an older building with a sprinkler system can cut insurance rates. Over a period of time, this savings on rates will payback the operator for his investment. Mosgrove contends that five years can be considered a "good barometer" for payback.

However, sometimes the rates remain out of proportion and the cost to retrofit outweighs the savings. In this case, Mosgrove suggests the operators should work with the insurance company (and the architects and engineer) to find other solutions.

He also points out the most frequent back-of-the-house problem is the inadequate servicing of ducts and hoods.

Restaurants that feature fried foods must be especially careful due to grease accumulation. As McKinney points out the flash point of grease lowers as it ages. Both McKinney and Mosgrove maintain that good housekeeping is a must for hoods and ducts.

"People working in a busy restaurant sometimes do not take the necessary time for cleaning and maintenance. It is imperative. For example, often filters are not taken down and cleaned. During an inspection this would be spotted quickly," Mosgrove points out.

One cleaning procedure he mentions is the "scrape and powder" method. "Scraping and powdering the hoods and ducts is a good effort but the powder must stick to something to stay in place and that something is grease," notes Mosgrove.

From his investigations of back-of-the house cleaning operations, he recommends the chemical wash method as the most effective.

"Sometimes there is a malfunction in the range and hood protection. Employees should know how to manually shut off the system. In addition, they should be trained to correctly operate extinguishers and know evacuation routes," adds Mosgrove.

continued on page 225

Fire Safety

continued from page 216

In addition, a fire guard (an employee trained in evacuation and tested by the fire department) must, prior to opening, inspect the exits to insure they are open and accessible and check fire extinguishers to see they are in working order.

Since it is mandatory for the fire guard to be present the entire time a building is open, restaurants must make provisions for shifts. If there are two shifts per day, there must be two trained fire guards available; one to cover each shift.

If operators do not comply with Local Law #41, it is possible for the building department to refuse renewals of the "Application for Place of Assembly."

The MGM Grand fire

Regardless of how stringent fire codes may be, they are useless without strict enforcement. The MGM Grand fire is a tragic example of how costly this problem can be.

Numerous code violations surfaced during the U.S. Fire Administration, NFPA and Clark County (Nevada) investigation of the aftermath of the MGM Grand fire in Las Vegas.

Background

According to the NFPA's preliminary study, the fire was discovered at approximately 7:10 a.m. by an employee. The fire was located in a bus station in a restaurant called the Deli which was closed for business at the time.

(Like the Supper Club fire, the probable cause of ignition of the fire was electrical in nature.)

Due to the magnitude of the fire, attempts by the hotel's security guards to contain the fire were unsuccessful. The Clark County Fire Department was notified at approximately 7:15 a.m.

"There is no evidence that the building fire alarm was sounded," states the report.

The account indicates "the presence of fuel (combustible decor and furnishings items), air supply and a large undivided area allowed for extremely rapid fire spread and heavy smoke production."

A "flashover" (simultaneous ignition of all combustible materials within the room due to heat) of the fire occurred at appro[illegible]ly 7:15 a.m. A fireball b[illegible]ugh the public areas of the c[illegible] at an estimated speed of 17 feet per second.

(The fourteen victims found on the casino level were dead due to the direct result of heat and flames rather than smoke or fumes.)

The report continues: "There were limited or non-existent barriers to fire spread which allowed the spread of heat, smoke and other products of combustion to the building's upper floors.

"These shafts included elevators, stairs and shafts located at seismic joints (an earthquake protection feature) in the high rise tower." (Apparently these joints eventually acted as conduits for smoke and fumes.)

continued on page 226

ORIGIN OF RESTAURANT FIRES

Kitchen	30.4%
Dining area	14.8
Basement or heating room	13.0
Storage area	9.6
Concealed space	9.6
Rest rooms	1.7
Other areas	20.9
	100.0%

NUMBER OF FIRES (BY RETAIL CLASSIFICATION)

Classification	Annual number of fires	Loss per fire
Drug Stores	3,300	$ 3,909
Grocery stores	7,800	5,244
Food product plants	4,900	11,959
Laundries	3,100	2,290
Service stations	6,000	2,367
Restaurants	26,800	2,437

CAUSES OF RESTAURANT FIRES

Incendiary (Arson)		32.3%
Igniting flammable liquids	21.3	
Igniting papers or trash	4.7	
Igniting other or unknown materials	6.3	
Electrical Causes		22.7
Faulty Wiring	13.4	
Electrical appliances (except cooking and heating)	9.3	
Cooking		15.8
Igniting grease or fat not in fryers or ducts	6.3	
Involving deep fat fryers	5.5	
Involving gas	2.4	
Involving other facts	1.6	
Smoking		14.2
Igniting paper or trash	11.0	
Igniting furnishings	3.2	
Exhaust Ducts		7.1
Ignition of grease in dust	6.3	
Other factors	0.8	
Heating Equipment		6.3
Other Causes		1.6
TOTAL		100.0%

NFPA figures compiled over a three year period.

Fire Safety

continued from page 225

Since no alarm was activated, occupants became aware of the fire by "smelling or seeing smoke, people yelling" or the presence of helicopters that arrived for evacuation purposes.

Total evacuation of the building took nearly four hours and a large number of guests were trapped in their rooms.

According to the report: "Of the 64 victims above the casino level, 29 were located in guest rooms, 21 were in corridors and elevator lobbies, five were in elevators and nine were in stair enclosures.

A front view of the MGM Grand. The first fire department trucks that arrived were unable to gain access through the front entrance.

"Other than automatic sprinklers (which did not cover the gambling casino or the high rise tower), there were not automatic detection devices in the building."

Violations

One violation that may have contributed to the large loss of life at the MGM Grand, was the discovery of holes in the fire walls. There is speculation by informed sources that these holes may have been the result of construction efforts that were later abandoned. And the holes were never filled in.

Some of the experts interviewed also noted the presence of disabled dampers that could not close when fusible links melted. Other dampers did not close completely. This allowed for distribution of dense smoke, carbon monoxide and other articles of combustion through the HVAC system.

In addition, the NFPA preliminary study points out that three of the interior stairs were not enclosed with two-hour fire-rated construction and that non-rated access panels allowed fire and products of combustion to spread into these stairs.

"The spread of smoke into the stairs directly contributed to several fatalities," continues the report.

Due to the legalities involved, the preliminary study avoids allocating any blame.

The MGM Grand fire raises the sensitive issues of (lack of) compliance with fire codes and also safety in high rise buildings.

At press time, the MGM Grand remained unavailable for comment.

In general, fire codes attempt three things: to save lives; to contain the fire and prevent the spread of smoke and toxic fumes through construction standards; and control the nature of materials by rating their flame spread, fuel contribution and smoke.

Yet, fire codes are often thwarted in these goals by the options adopted by the thousands of jurisdictions.

A number of people interviewed noted that since the burden of implementation falls on the local level, competition of authority develops among those involved (fire marshalls, engineers, architects, contractors, owners, etc.).

As a result fire codes sometimes become the subject of political and economic pressures.

For example, restrictive codes may inhibit construction. During slow economic times, officials of municipalities may be tempted to make exceptions in order to attract business, bring in added income and boost employment.

On the other hand, a city may have a cohesive set of fire codes, yet economic restraints or lack of manpower may prevent effective enforcement.

In a recent series on fire safety, *The Wall Street Journal* presents the problem in this way:

"There are many reasons why some communities and building owners take a loose attitude towards fire codes, but they all boil down to one thing: money.

"Politicians eager to attract business and improve the local tax base often grant variances to fire and building codes or press the fire inspectors to look the other way on seemingly minor violations. Sometimes the inspectors succumb to bribes."

The area is certainly a controversial one but it must be carefully considered. In the cases of flagrant violations (such as too few exits at the Beverly Hills Supper Club or holes punched into the fire walls at the MGM Grand), informed sources speculate that questions are certain to arise on the amount of selective "head turning" that occurs in local municipalities.

Ellis of the AH&MA notes that economics, unfortunately, prohibit the adoption of the ultimate in fire safety material and building design.

As an example, he points out, the installation of a sprinkler system in a new property will cost approximately $1.65 per foot. However, to retrofit that same area, a sprinkler system would cost almost four times that amount or $4 per foot. That amount may be prohibitive for a corporation and out of reach for

continued on page 228

Fire Safety

continued from page 226

the mom & pop operator.

One possible solution to the cost barrier could be the passage of special tax breaks similar to current energy credits. This would provide a break for operators who voluntarily upgrade their fire safety system beyond the minimum level required by law.

Complicating the matter further is the so-called "grandfather" clause. This means that although a regulatory action may be required (effective at a given date), it is *not* retroactive. Existing buildings or those in the process of construction are not mandated by law to incorporate the new regulatory action.

"This is a situation which occurred at the MGM Grand. While the hotel met the life safety criteria when it was built, each time a code change occurred the building's facilities were not updated. That was not required by law. This is the 'grandfather' clause in action," Ellis adds.

However, he is quick to point out that new legislation is beginning to require retrofitting in some cases and that the "grandfather" clause may some day be eliminated.

For example, in New York City, the newly proposed Stern Bill would require existing hotels to be retrofitted for smoke and/or heat detectors throughout. It would also require new properties to install sprinklers throughout. Target date for passage of this proposal is December 31, 1981.

"Using the 'grandfather clause' makes no sense to me," says Ellis. "I cannot see building a $175 million establishment, for example, and then neglect the upkeep of the fire safety systems."

High rise safety

Space constraints have pushed commercial development of hotels and offices "up" rather than "out."

As these modern high rises take form, serious fire safety problems have also developed. Much of the new architecture and design has eliminated fire safety features predominant in older structures.

First of all, the actual height of modern buildings is itself a problem. Most fire ladders reach only as high as 100 feet or the equivalent of the seventh floor.

Since older buildings were constructed floor by floor, fires tend to be more compartmentalized as fire is contained by solid walls and floors. Dividing walls from floor to floor are also common features of older buildings and help to localize fire.

In contrast, high rises are built around a steel skeleton with a "core" to hold the HVAC system and elevator banks. The general structure has a tendency to keep heat in the building which increases the potency of a fire.

Another feature in older properties were fewer vents to upper floors, a distinct contrast to today's controlled environment systems. In addition, windows could be opened to allow heat to escape.

Today, central air conditioning and heating systems are an integral part of high rises and in the case of fire can facilitate the spread of heat, smoke and fumes.

During the Las Vegas Hilton fire, smoke reportedly shot up from the 8th floor to upper levels where most of the victims were injured by smoke inhalation.

Other potential fire traps in mod-

continued on page 230

Fire Death Rates in Large Cities

Rank	City	Deaths per million persons*
1	NEWARK	64.8
2	BIRMINGHAM, Ala.	59.8
3.	BOSTON	58.5
4	CLEVELAND	54.0
5	LOUISVILLE, Ky.	53.6
6	BALTIMORE	53.1
7	ATLANTA	52.8
8	PHILADELPHIA	49.9
9	CHICAGO	49.5
10	BUFFALO	47.3
11	WASHINGTON	46.3
12	JERSEY CITY	45.1
13	DETROIT	44.8
14	PORTLAND, Ore.	44.1
15	SAN FRANCISCO	42.9
	TULSA, Okla.	42.9
16	MEMPHIS	42.7
17	PITTSBURGH	42.5
18	OKLAHOMA CITY	42.3
19	FORT WORTH	40.5
20	INDIANAPOLIS	39.2
21	CINCINNATI	38.7
	TOLEDO, Ohio	38.7
22	ST. PAUL	38.4
23	ST. LOUIS	36.7
24	DALLAS	36.6
25	MINNEAPOLIS	36.4
	NEW YORK CITY	36.4
26	NASHVILLE	35.8
27	ROCHESTER	35.6
28	WICHITA, Kan.	34.9
29	NEW ORLEANS	34.8
30	JACKSONVILLE, Fla.	33.4
31	KANSAS CITY, Mo.	32.2
32	AKRON, Ohio	31.8
	SEATTLE	31.8
33	NORFOLK, Va.	31.4
34	CHARLOTTE, N.C.	30.2
	HOUSTON	30.2
	OAKLAND, Calif.	30.2
35	SACRAMENTO, Calif.	28.7
36	PHOENIX	28.2
37	MIAMI	26.7
38	COLUMBUS, Ohio	26.1
39	LOS ANGELES	25.9
40	LONG BEACH, Calif.	25.3
41	TAMPA, Fla.	25.0
42	OMAHA	24.3
43	MILWAUKEE	23.6
44	DENVER	22.7
45	ALBUQUERQUE, N.M.	22.4
46	SAN ANTONIO	22.0
	TUCSON, Ariz.	22.0
47	SAN DIEGO	15.5
48	SAN JOSE, Calif.	14.8
49	AUSTIN, Tex.	10.0
50	EL PASO	9.1
51	HONOLULU	7.1

* 1974-77 average.

Excludes transportation fire deaths and deaths of nonresidents.
Source: National Center for Health Statistics.

Fire Safety

continued from page 228

ern architecture are the popular drop ceiling and raised floor. These areas can allow smoke and flame to build up undetected and spread from room to room.

For example, if a fire starts in the plenum (the space above a drop ceiling), combustible gases may build up until they explode through the ceiling creating a fireball that can reach temperatures as high as 1500°.

Located in the buildings "core" modern elevators are danger zones. During a fire it is possible for the elevators to stop at the fire floor leaving its occupants as victims.

Fire consultants suggest elevators should be equipped with a "call back system" which requires a smoke detector in the elevator. When activated, the elevator immediately returns to the lobby level (non-stop) for use by fire fighting personnel only.

Both AH&MA's Ellis and fire consultant Kelly recommend that owners of a building work together with local authorities (fire department, engineers, electricians, etc.) *during construction* to create a fire safe building.

According to Ellis, if existing buildings were built to meet the codes at specific times and are maintained by good housekeeping, they should be as fire-safe as a new building—equipped with modern safety systems. In addition, he suggests that personnel should be trained periodically in evacuation procedures.

Owners should also investigate the various fire safety systems available on the market. (Some of these systems will be detailed as part of our May 15, 1981 cover story on Management Information System.)

"A 'successful fire'—if there is such a thing—is one that is contained; where there is no loss of life," comments Ellis.

While *no* fires are actually desirable, "successful fires" are certainly achievable. In many instances, loss of life results from a combination of ignorance and lack of common sense—two characteristics shared by both the operator and the customer. In light of the recent tragedies, the consumer press has awakened the public sector to potential fire hazards (see box below.) Today, customers may observe their favorite restaurant or hotel with a more discerning eye. Operators must respond to this heightened awareness and should do so quickly.

Some of the solutions are expensive; many are not. But every possibility must be explored to create a "fire-safe" environment for everyone. Short cuts in fire safety can have deadly consequences.

On the consumer side. . .

"Requests for hotel rooms no higher than the seventh floor have increased dramatically over the past few months," says George Kelly, a New York City-based fire consultant who specializes in the lodging industry.

His observation reflects the heightened public awareness about fire safety. A concern that comes on the heels of several recent fatal hotel fires.

Many chains have responded to the new emphasis on fire safety by posting escape routes in rooms or providing publications clearly stating emergency procedures. Bellpersons educating guests about floor exits as they are escorted to their rooms are another indicator of the impact of the recent tragedies.

Since survival in a hotel or office building blaze is currently the number one topic among travelers and workers, the consumer press has been quick to respond. An avalanche of fire safety tips has dominated magazines and newspapers recently.

In response to many requests from the consumer, the American Hotel & Motel Association (AH&MA) compiled a packet of information taken from its Research Department files. (A cover note disclaims the organization's liability and emphasizes that the information included in the packet should not be regarded as industry standards or as recommendations of the AH&MA).

The material contains articles from diverse sources ranging from a letter in the "Dear Abby" column to the National Safety Council's "18 Point Plan Leads Way to Surviving a Blaze."

All of the articles stress basic fire safety tips, the most common of which is: Don't Panic!

As a precautionary measure, New York City-based Chemical Bank, stuffs a pamphlet concerning fire procedures into the ticket envelopes of its traveling executives.

"We started the program about three months ago as a result of the rash of hotel fires," explains Richard G. McCormick, vice president, corporate director of security for the corporation which operates 400 domestic offices.

"We drew the information from a variety of sources including tips that appeared in various articles as well as our own personal experiences," he notes.

McCormick stresses that the publication was not designed to discourage travel. "What we wanted to do was to provide a list of common-sense precautions people can take ahead of time."

The guidelines are divided into five areas: pre-planning; arrival; what to do in case of a fire; what to do if you become trapped and conference rooms.

Although he is unable to predict how long the "envelope stuffing" program might last, McCormick speculates: "I'd be afraid to stop the program. You may miss that one person who doesn't travel often. And that person may be the one you save."

A BILL PUBLICATION FAST FOOD

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Restaurant Growth Index

page 147

Poultry & Game

page 267

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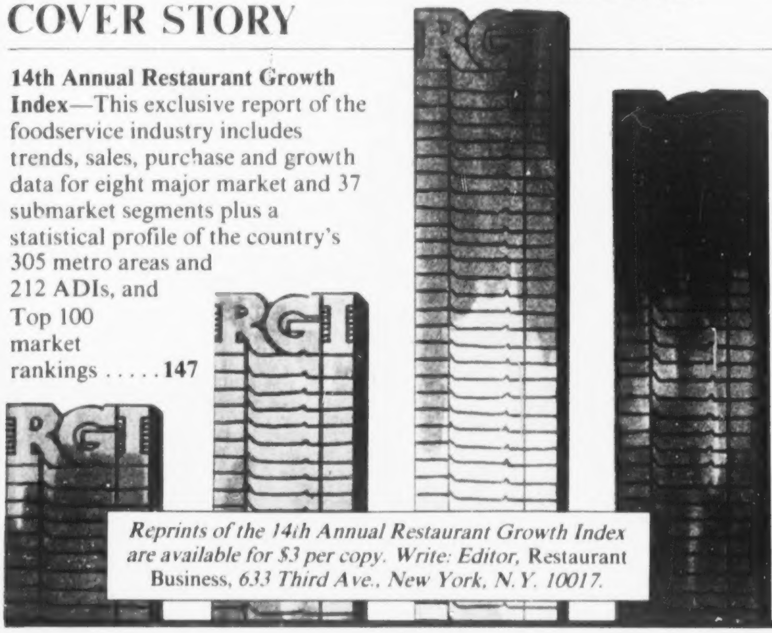
Contents

COVER STORY

14th Annual Restaurant Growth Index—This exclusive report of the foodservice industry includes trends, sales, purchase and growth data for eight major market and 37 submarket segments plus a statistical profile of the country's 305 metro areas and 212 ADIs, and Top 100 market rankings **147**



Reprints of the 14th Annual Restaurant Growth Index are available for $3 per copy. Write: Editor, Restaurant Business, *633 Third Ave., New York, N.Y. 10017.*

MENU IDEAS

Poultry pizazz—Food editor Kathleen Kenny offers a variety of tempting suggestions on how to make turkey or chicken the star of your menu without increasing labor costs **267**

FEATURES

Ichabod's menu becoming a Denver legend—A 32-page menu featuring over 200 'made from scratch' items characterizes this popular eatery **110**

Frank Perdue hatches N.Y. restaurant—The Perdue Chicken Restaurant is a natural diversification for this chicken producer **118**

Growth Enterprises: College dream grows into $9 million chain—A comprehensive thesis on restaurant management has become the operations backbone of this New Jersey chain **124**

That's Entertainment—Fun, good food and local nostalgia are the ingredients for success for this firm's two Connecticut units . . . **130**

Strategic Planning: Have we missed the point?—An analysis of the 'state of the art' of strategic planning **229**

Choosing a computer system to suit your needs—This article discusses the capabilities of computers relative to restaurants . . . **234**

DEPARTMENTS

Energy Tips **2**

RB Insights **12**

Editorial—RGI: *The* source of industry data **18**

Foodservice Calendar **20**

Up Front **22**

Menu Planners Guide **52**

Personal Finance **76**

Management Psychology—Criteria for choosing top execs . . **78**

Worth Writing For **99**

Restaurant Stirrings **100**

Wine Seller—The invaluable essentials **106**

Tax Bite **142**

Operations Management—Open letter to a new manager **240**

Marketing—Upselling: A strategic necessity **244**

Energy—Sky Chefs' attack on energy ignorance **250**

Buyer's Circle—The latest in foodservice equipment **256**

Design Marketplace **275**

Drafts, Carafes & Spirits—Bourbon: An American tradition **277**

Bar Management Guide **280**

Raising Your Equipment I.Q.—Dishwashers: What's best for you? **288**

Management—Helping new employees adjust **308**

Classified **314**

Memo from the staff **317**

Cover by Joan Dworkin and Joanne Kaplan

Restaurant Business Cover Story

The 14th Annual Restaurant Growth Index is our updated analysis of the foodservice industry published each September. First comes our segment-by-segment study of the major trends in the industry as well as sales, purchase and real growth data for 8 major market and 37 sub-market segments. Next, comes our statistical profile of the country's 305 metropolitan areas and 212 ADIs.

RGI
RGI
RGI
Restaurant
Growth
Index

In this year's edition of the *Restaurant Business* Growth Index, we provide hard data for 1979, best estimates for 1980, (the last full year), and a five year projection to 1985 for planning purposes.

New this year are summary comparisons of real growth (growth less inflation in menu prices or wholesale food prices) for 1979, 1980, and our 1985 projection.

Foodservice sales in 1980 increased 8.4 percent to a total of $114,011,000,000. This is a conservative figure as it does not include a commercial equivalent dollar volume for military feeding or school foodservice (we count only cash paid by students as actual sales); and it does not include vended can, bottle soft drinks or vended candy.

If we adjust our figures to reflect the higher values generated by the addition of military and school foodservice commercial equivalents and additional volume in vending categories not originally included, we would show industry sales of $131,030,000,000 an increase of $17,019,000,000 or 14.93 percent higher than our published figures.

In our view, these adjustments are not valid because they produce a result which is in turn, inflated (military and school feeding), not comparable (candy sales are not included in the Census of Retail Trade's merchandise line for meals and snacks or alcoholic beverages), or in the case of bottle and can vended soft drinks, through a restricted distribution network.

For 1985, we project foodservice sales of $187,140,000,000. This is a gain of $73,129,000,000 for the five-year period. This translates into a total growth of 64.14 percent or a compound annual growth rate of 10.42 percent.

What this means in real growth (which after all is what really counts) is sales in 1980 dollars will increase by $9,366,000,000 for the entire five-year period, 1980-1985. This is a compound annual rate of only 1.59 percent. Stripping away inflation, which makes nearly all projections impressively large, reveals that the real total growth is not a grand 64.14 percent for the five year period but only a very modest 8.21 percent.

It continues to be our judgement that the demand for foodservice among the consuming public is not satisfied. This year in the winter, the traffic counts were down but as spring approached counts began to move up. Inflation is still the primary barrier to growth as it simply saps the ability to buy and the will to buy. People have been economizing by reducing daily purchases over which they have some control.

This summary was prepared by RBI Research and Malcolm Knapp, president of Malcolm M. Knapp, Inc., New York. The 1979 sales and purchases data used in this eight major market and 37 sub market growth report were prepared by Mr. Knapp under contract with the National Restaurant Association. Estimates for 1980, and projections to 1985 were prepared specifically for Restaurant Business *Magazine.*

If inflation is reduced substantially, the potential for a 4 percent real compound annual growth rate could be realized. The dollar difference in real terms between potential real growth and what we are forecasting is $15,335,000,000. The foodservice industry is projected to grow at 37.9 percent of its potential in real dollar terms. Another way to express this figure is that the industry could grow 2.6 times current projections in real terms. We estimate that menu price increases will grow at an 8.85 percent compound annual rate over the next 5 years. Wholesale food prices will increase at a somewhat slower 7.71 percent compound annual rate.

We use compound annual growth rates to express change in our projections because they are mathematically correct. To illustrate, if we multiply the 1980 industry total of $114,011,000,000 by the compound annual growth rate of 10.42 percent (1.1042) and then multiplied the result by 1.1042 and did this procedure three more times we would obtain the 1985 result of $187,140,000,000. If the same procedure was duplicated using 12.83 percent the average annual growth figure, the result would be a projected sales figure of

Foodservice Industry Summary

	1979 Sales ($000,000)	1979 Purchases* ($000,000)	1979 vs 1978 % Growth	1980 Sales ($000,000)	1980 Purchases ($000,000)	1980 vs 1979 % Growth	1985 Sales ($000,000)	% Compound Annual Growth	Real % Compound Annual Growth
Total Market	105,212	48,548	10.1	114,011	52,467	8.4	187,140	10.4	1.6
Commercial/ Contract	88,740	36,201	10.1	96,209	39,119	8.4	161,474	10.9	1.9
Institutional/Internal	15,917	10,588	11.2	17,217	11,449	8.2	24,776	7.6	−0.3
Military**	555	1,759	−11.1	585	1,899	5.5	890	8.8	1.0
Major Market Segments									
Eating/Drinking Places	68,793	25,600	9.9	74,674	27,648	8.5	126,120	11.0	2.0
Hotel/Motel Market	5,892	2,076	8.9	6,386	2,250	8.4	10,357	10.2	1.2
Transportation Market	1,757	787	17.0	1,911	849	8.8	3,208	10.9	1.9
Leisure Market	2,235	849	11.3	2,474	979	10.7	4,425	12.3	3.2
Retail Market	3,075	1,175	10.3	3,355	1,280	9.1	5,451	10.2	1.2
Business/Industrial Market	6,874	7,451	11.6	7,222	7,963	5.1	11,763	10.3	1.3
Student Market	5,756	4,594	10.4	6,251	4,967	8.6	8,359	6.0	−1.6
Health Care Market	9,012	4,435	11.2	9,800	4,824	8.7	14,741	8.5	0.8

** Purchases include all food, nonalcoholic, and alcoholic beverages (does not include equipment or supplies).*

*** Sales data based on post exchanges and clubs; purchase data based on post exchanges, clubs & troop feeding.*

$208,482,000,000 in 1985.

The most important component in the growth rate of eating places is the rate of change in personal income. For our projection period, personal income will grow in the 11.6 percent to 12.0 percent range. We have set the eating place growth rate near that level as improvements in tax rates will enable households to better preserve their income against inflation.

We will still have higher interest rates than traditional historical levels, inflation will still be high by historical standards and energy costs will stay high. The underground cash economy will continue at its current high level and much of this "extra" disposable income will flow to the restaurant industry.

Employment will be up about 1 percent a year with office employment 2 to 3 times that rate. The economy will continue the shift toward a service economy.

The institutional/internal segment which is primarily driven by population changes in the institutions will have an overall negative growth because of reductions in student populations and decreased funding for school lunch programs.

A look at our new real growth summary chart indicates that we are emerging from two consecutive years of negative real growth. In our judgement, 1980 was the bottom point of the recent foodservice industry sales decline in real terms. There was a decline of -0.5 percent in 1979, and a decline of -1.3 percent in 1980. In contrast, we look for a modest real gain of 0.6 percent in 1981. In addition, the five-year projection is for real growth of 1.6% compounded annually.

The leisure segment of the industry will post the greatest real growth through 1985. Americans' pursuit of recreational activities closer to home will provide the major impetus to this market's sales growth. There should be enough supply of gasoline to get people to nearby places even if prices continue to climb. While gasoline price increases will not stop local recreation, shortages of supply would cripple growth prospects of the leisure market as people would save gasoline to be sure to get to work.

We continue to get changes of a volatile nature in the marketplace. There are two fundamental causes of this volatility: inflation and interest rates. Inflation has been very high which distorts economic behavior. Interest rates have fluctuated widely but have stayed up at extraordinary levels for long periods of time. High interest rates make it difficult to plan for both consumers and business.

There is another factor which is a major contributor to our economic uncertainty. That factor is the heightened sense of economic pressure caused by the virtual blitz of media coverage of economic events. Economics is front page and TV lead item news. Media people vie with one another to be the first to describe in complete detail economic developments. This coverage of economic news tends to magnify positive as well as negative aspects of the situation thus contributing to the volatility of the marketplace.

The main point is that public attention is focused to an extraordinary degree on economic news. The person on the street is aware of the current price of gold, even though he is not a speculator. We live in the age of hype and our economic behavior reflects it.

Delivering value to consumers is still a critical element in achieving success in the foodservice industry. However, there is a new consumer focus—which is on imagination. People want, in fact they insist on the basics being done well, but now they want *basics plus imagination.*

Imagination might be in the decor or in the composition of the food on the plate or in the creation of a new food item or taste. This goes hand in hand with a renewed appreciation for excellence. People want quality and a professional job done for them. There is increased admiration for something well done, or well crafted. There is an increasing desire for basic hospitality not mechanics.

In short, the firms that do the best job on basics combined with imagination will be the winners in the next five years as the public is better able to judge excellence through experience.

Industry Real Growth Summary

	1979	1980	1980-1985
	Real Growth Rate	Real Growth Rate	Real Compound Annual Growth
Total Market	-0.5%	-1.3%	1.6%
Commercial/Contract	-0.7	-1.5	1.9
Inst/Internal	1.7	0.2	-0.3
Military	-22.3	-4.4	1.0
Major Market Segments			
Eating/Drinking Places	-1.3	-1.4	2.0
Hotel/Motel Market	-2.3	-1.5	1.2
Transportation Market	5.8	-1.1	1.9
Leisure Market	0.1	0.8	3.2
Retail Market	-0.9	-0.8	1.2
Business/Industrial Market	2.1	-3.9	1.3
Student Market	0.9	0.6	-1.6
Health Care Market	1.7	0.7	0.8

Wholesale price index will increase at 7.71% compound annual rate 1980 through 1985.
Menu price index will increase at 8.85% compound annual rate 1980 through 1985.

Separate Eating & Drinking Places

Cautious optimism characterizes much of the separate eating and drinking place segment, as the industry steps up its recovery. Although the market still shows some softness, the last quarter of 1980 indicated a more positive outlook as customer counts (a barometer of real growth) began to move upward—reversing a negative trend which began in the spring of 1979. This momentum in increasing customer counts has continued through summer of 1981.

In the past, the formula to boost sales and profits was often tied to increasing the number of units. However, tight money, a staggering prime rate of 20-plus percent and the decreasing availability of prime sites have constricted this traditional avenue of growth.

Today, greater efforts are being made to broaden the existing customer base, increase the frequency of regular customers and attract new customers to existing units. Methods to generate new business include: menu development, image enhancement, the establishment of catering and take-out departments, and more aggressive advertising/programs.

Menu expansion has emerged a key tactic of chain operators to capture a larger portion of a given market. The explosion of new menu items covers a broad spectrum: from Hardee's breakfast biscuits to Arthur Treacher's broiled fish; from finger foods like French-fried zucchini to dessert items like International Dairy Queen's new test item of hard ice cream.

Fast food opened the flood gates, and a spate of new products were positioned to recruit the "dinner hour" customer. Specialty sandwiches introduced by several major chains helped the fast food segment make sizeable in-roads into the dinner market.

Chicken has become a primary menu item for several "hamburger" chains. Much of poultry's popularity can be attributed to economics: it is cheaper to produce than either pork or beef.

As a result, by 1980, Chick-fil-A (originator of the chicken fillet sandwich almost 14 years ago) lost its monopoly. Chains including McDonald's, Burger King, KFC, Wendy's, Hardee's, A&W and Jack in the Box have rolled out their versions of the item.

In mid 1981, Burger King expanded its specialty sandwich line (chicken, roast beef, fish, ham and cheese) to include a veal parmigiana sandwich in four test markets.

Arby's efforts to shore up eroding customer counts and profits had twofold results: successful testing of four deli-type submarine sandwiches and introduction of a low-priced children's roast beef sandwich.

Foodmaker's Jack in the Box is concentrating its efforts on a better-educated, more nutrition-conscious adult. Accordingly, a "high nutrition" bean sprout salad was introduced this year.

Restaurants in the pizza segment are also seeking to increase their base. Pizza Inn reports 25 percent of systemwide sales can be attributed to its Sicilian Topper, thick crust pizza. Straw Hat and Pizza Hut have also introduced versions of deep dish pan pizza. Non-pizza items are also being tested by the chains.

According to Philip Barksdale, president of Perkins Cake & Steak Restaurants, the company continued its expansion plans in the face of economic uncertainties and as a result, the chain's performance was not as strong as originally forecast. To offset a softness in customer counts, Perkins recently introduced a series of five new ⅓ lb. hamburgers with a variety of toppings.

Ground Round restaurants are capitalizing on the country/western influence with a menu featuring barbecued ribs and chicken. Victoria Station's menu now includes stuffed shrimp and "gourmet" game hens. Magic Pan has added snack items like cheese fritters with dip as appetizers.

As people become more discriminating in how they spend their food-away-from-home dollar, restaurants offering what the consumer perceives to be the best value will have the cutting edge in slicing up the market.

As a result, a growing emphasis is being placed on upgrading decor and menu items to match the consumer's increasingly demanding (and sophisticated) tastes.

For example in 1978, Skipper's Inc.'s market research indicated that, as the result of higher menu prices, its customers "desired more intimate and pleasant dining surroundings." In response, the company embarked on an extensive remodeling program which was completed this year.

A&W is updating its look by replacing orange roofs with brown, Mansard-style roofs and half of the 1,000 units are dropping the traditional orange and white colors in favor of brown and beige. Similarly, IHOP Corp. (with over 500 International House of Pancake restaurants) reports a 12 percent increase in traffic. The company attributes this to a revamping of its menu (reducing the number of items from 180 to 130) and replacing the blue and orange exteriors with tan and brown.

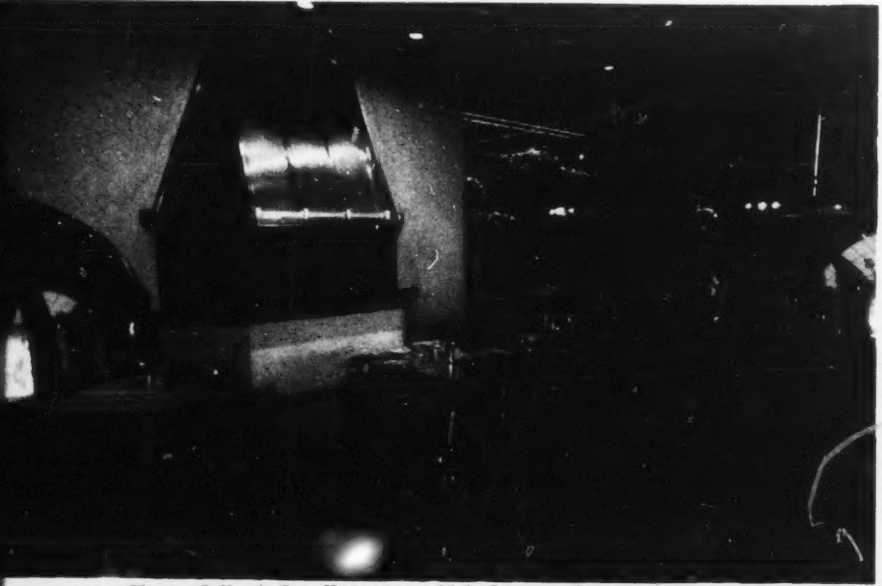
Ironically, as chains like A&W, Burger King, and McDonald's continue to upgrade decor and expand menu items, the market once again opens up for a chain positioned at the budget end of fast food. Currently, White Castle is alone in its bid for this market niche.

As fast food chains become more competitive in the dinner market, dinner house chains are packaging their restaurants in entertaining environments.

Among the leaders in the "fun" restaurant market segment are TGI Friday's Gilbert/Robinson's Houlihan's Old Place, Continental Restaurant Systems' Carlos Murphy's Irish Mexican Cafe, the Lettuce Entertain You Enterprises chain, Bobby McGee's Conglomeration, and General Mills' Darryl's.

In these themed restaurants, the common denominator is the eclectic decor and amusing, colorful menu which features "trendy" foods.

The Cheese Cellar (left) offers customers a mix and match menu of light foods and smaller portions.



Cheese Cellar is Stouffer's new vehicle for growth.

The new concept is changing the company's "tea room" image.

There are currently 12 Carlos Murphy's Irish Mexican Cafes operating in seven states. The menu capitalizes on the popularity of Mexican, barbecue and lighter fare.

Richard Mellman, president of Lettuce Entertain You Enterprises describes eight of the company's nine restaurants as being "funky yet functional. The eclectic decor matches the eclectic menu." (The ninth restaurant is the Pump Room in the Ambassador East Hotel.)

Stuart Anderson's Black Angus extends entertainment one step further with its lounges complete with dance floors in 74 of its 75 units.

An area offering great growth potential is take-out. A logical extension of traditional eat-in business, take-out offers the restaurateur a non-capital intensive way to add revenues.

Fast food chains already have a substantial stronghold on the market thanks to drive-through windows. Family restaurants, however, are exploring the take-out market. As part of its renovation program, Marc's Big Boy restaurants are dividing units into three sections: eat-in, drive-through and take-out.

The Crabhouse Inc. (based in Miami) broke ground last January for a take-out prototype unit featuring a double drive-through section.

At the 60-seat Day by Day restaurant in Philadelphia, owner Robin Rovner caters to a mixed clientele from the surrounding business and residential district. This innovative operator combines an

New York-based Pronto Ristorante—seven units strong—specializes in pasta dishes and features a display kitchen.

eat-in lunch business with a takeout only dinner business—with the latter accounting for 20 percent of total sales.

Independent operator Sal Celentano, of Rudy's, in Hackensack, N.J., increased his business by catering to private jets flying out of nearby Teterboro Airport. Any item from the restaurant's continental menu (as well as a specifically designed breakfast menu) can be prepared "to go." Celentano estimates the catering represents at least 10 percent of his business.

Dealing (couponing, sweepstakes, give-aways) reached an all time high in 1980 among restaurant chains—leading to speculation that in addition to its traditional function of bringing in new business, operators were using deals to maintain current customer traffic.

While dealing, especially couponing, can be an effective marketing tool, it must be used carefully. Over-couponing can create a "doubting Thomas" customer, suspicious of the real price. The impact of this double edged sword is evident in the budget steak house segment; dealing here has hit an unprecedented level—involving over 50 percent of all customer purchases in this market segment in 1980.

Stepped-up advertising and promotional campaigns were utilized last year to counter declining traffic. According to Tom Sherlock, director of marketing for Rusty Scupper restaurants, a 7 to 10 percent drop in head counts, while not severe, did cause the company to implement a variety of promotions, including a nationwide six-week "Crabaganza" offering Alaskan King crab legs or a combination with steak, and a lobster tail special in the East.

Walter Staib, president of Davre's (ARA Services, Inc. restaurant division) recently initiated a San Francisco Food Festival promotion to create added interest in the company's Signature restaurant in Hartford and the Ninety-Fifth Restaurant located on top of the John Hancock building in Chicago.

According to John Quagliarta, vice president and general manager of Stouffer's Restaurant Division, its new Cheese Cellar restaurants will be the company's primary growth vehicle. (Although there are currently only four Cheese Cellars in operation, the company anticipates by 1985, 40 units will be opened.) As a result, special efforts are being made to market and position the units to attract a youthful market. The company is anxious to phase out the traditional "tea room style" of restaurant.

There were, of course, some companies and segments, whose performance was not so severly impacted by the economic downturn in 1980. In the fast food segment, ethnic foods such as Mexican, pizza and Chinese posted strong gains.

Mrs. Winner's Fried Chicken unit.

According to Jacques Ramackers, secretary/treasurer of the Pronto Ristorante National Corp., sales volume for the company's nine units reached $12 million last year: "Pasta is our staple item and even with inflation it is cost effective."

New concepts and variations on old themes are emerging to fill voids in certain market niches. For example, fast food oriental cooking has spread through chains like Oriental Express and Charlie Chan's.

Bakery items made on premise is growing in popularity as evidenced by the success of Vie de France which since 1972 has expanded to a force of 24 bakery/restaurants.

Other operators have followed the French chain's lead. During the past year, three different fast service croissant restaurants debuted in New York: The Croissant Show, Bonjour Croissants, and Le Croissant Shop.

To maintain growth, some companies have diversified. For example, Volunteer Capitol (Wendy's largest franchisee) established its own concept. Called Mrs. Winner's Fried Chicken, the 38-unit chain also features chicken and biscuits.

While there's nothing new about fast food chicken outlets, three companies introduced upscale chicken restaurants: Bojangles, Sisters, (Wendy's new concept) and Grandy's Country Cookin provide an expanded chicken and biscuit menu, and fast service in an upgraded decor. (See *Restaurant Business*, August 1, 1981).

As expansion possibilities into new domestic markets shrink, U.S. firms continue their international expansion efforts.

Japan is the target of the largest expansion effort while other countries supporting U.S. firms include: Canada (second after Japan), Great Britain, Australia, Belgium, Brazil, West Germany and Mexico.

Separate Eating and Drinking Place Sales

1979: $68,793,000,000 +9.9% Sales Growth | **1980: $74,674,000,000 +8.5% Sales Growth**

1985: $126,120,000,000 — **+11.0% Sales Growth Compound Annual** / **+2.0% Real Growth Compound Annual**

	1979 Sales ($000,000)	1979 Purchases ($000,000)	1979 vs 1978 % Growth	1980 Sales ($000,000)	1980 Purchases ($000,000)	1980 vs 1979 % Growth	1985 Sales ($000,000)	% Compound Annual Growth	Real % Compound Annual Growth
Separate eating places	61,614	22,980	10.2	66,952	24,830	8.7	115,345	11.5	2.4
Full menu restaurants & lunchrooms	32,694	12,485	9.1	35,288	13,475	7.9	58,090	10.5	1.5
Social caterers	749	295	3.9	776	306	3.6	1,061	6.5	−2.2
Public cafeterias	2,045	776	6.9	2,164	814	5.8	3,290	8.7	−0.1
Limited menu restaurants	24,936	9,043	12.2	27,435	9,822	10.0	50,761	13.1	3.9
Ice cream, frozen custard stands	1,190	381	11.0	1,289	413	8.4	2,143	10.7	1.7
Bars & taverns	7,179	2,620	7.2	7,722	2,818	7.6	10,775	6.9	−1.8
Total	68,793	25,600	9.9	74,674	27,648	8.5	126,120	11.0	2.0

Current inflationary pressures continue to squeeze the lodging industry. As companies cut back on conventions and higher air fares curtail business and pleasure travel, occupancy rates have dropped approximately three percent from last year—from 69.9 percent in 1980 to an estimated 67.2 percent in 1981—and four percent from the 71 percent reported in 1979 (the highest level in 22 years).

Despite this occupancy drop, there has been an 11.4 percent increase in sales per occupied room and a 7.6 percent rise in total hotel sales.

In comparing the lodging industry's performance in 1980 with 1970, John D. Lesure, a partner at Laventhol & Horwath, notes: "According to our estimates, the number of available rooms was greater by 17 percent; the number of occupied rooms was higher by 27 percent and total revenue (excluding gaming) was up 181 percent in current dollars. In short, all signs pointed to a viable, growing industry. However, total revenue (excluding gaming) was six percent less in constant dollars."

For the greater part of 1980, the influx of international tourists (spending an estimated $16 million a day) helped offset softening in certain major metropolitan areas.

However, the increased strength of the dollar abroad has curtailed this growth. The U.S. is no longer the "deal" it was a year ago and for many hotels, the boom in international tourism seems to have dried up almost as fast as it began.

"Although summer is traditionally slow for us, the volume of international travelers carried us through the past few summers," says A. Gerald Parker, general manager of the Hotel St. Moritz (a Harley/Helmsley hotel). "However, a decline in the number of foreign guests was noticeable this July as was a drop in convention business causing some softness."

Parker estimates that his hotel's occupancy rate at the end of fiscal 1981 (year end June 30) was "in excess" of 80 percent.

One way the hotel plans to offset the decline is through offering a variety of two-day packages to boost sluggish weekend business among its social clientele. And to attract more corporate clients, the St. Moritz is placing added emphasis on its function rooms such as the Quadrille Ballroom and the rooftop Sky Garden Terrace (see picture). Parker notes that group catering contributes 15 percent to food and beverage revenues.

Pressures to make hotel food and beverage facilities separate profit centers have forced hotel restaurants and bars to compete with local operations. Although this is difficult in a city with such a wide variety of restaurants as New York, Parker notes that the hotel's sidewalk Cafe de La Paix, Rumpelmayer's and Harry's Bar operations attract 50 percent of their business from local residents or local business people.

In a desire to maintain that base, the hotel invested $1 million last April to renovate and update the sidewalk cafe.

Although food and beverage revenues are up at Sheraton Hotels and Inns Worldwide, vice president and food and beverage director Stephen Peeck attributes this to increased check averages rather than increased cover counts.

He notes that price resistance seems to be the strongest in the mid-price segment. As a result, Sheraton will use its "signature" restaurants (specialty restaurants designed to attract the upscale customer) as a way to build traffic.

Peeck points out that an aggressive local advertising campaign has positioned Apley's (Boston's signature restaurant) so successfully in the local market that "hotel guests have trouble getting in."

The company is also making a conscious effort to capitalize on local food trends. For example, at Landry's restaurant (located in the Sheraton Plaza La Reina in Los Angeles) a specialty sushi bar, which dominates the entranceway, operates from lunch through late-night dining.

Some areas seem recession proof. Texas is a major beneficiary of the southern migration of business and industry. This is further evidenced by the growth of cities such as Dallas, Houston and most recently Fort Worth. Completion of a new convention center and additions of new hotels have positioned Fort Worth more competitively with other Texas cities.

Opened last may, the Hyatt Regency Fort Worth combines the 1921-vintage facade of the Hotel Texas with a modern interior dominated by a lobby waterfall and pool.

To attract local residents, and

Le Restaurant Maurice (left) in the Hotel Parker Meridien draws its clientele from local New Yorkers as well as hotel guests.

Available for private parties, the rooftop Sky Garden at the St. Moritz overlooks Central Park, and upper Manhattan.

room guests, the hotel's Cafe Centennial (see picture) showcases a "help yourself" barbecue bar featuring items like barbecued chicken and ribs. According to David Kong, director of food and beverage, the rotisserie works as a selling tool.

The restaurant also incorporates food items indigenous to Texas (sweet potato pie, jalapeño pepper, barbecue sauce) on its menu.

The food and beverage team from Hilton International has expanded the regional food trend even further at its new Vista International Hotel. Here, The American Harvest restaurant demonstrates the food heritage of the U.S.

Items on the menu include Martha's Vineyard green corn pudding and Creole jambalaya and are served in five dining areas which seat only 20-24 people. To further accent the national heritage, a seasonal display of antiques (on loan from the Museum of American Folk Art) decorate each room.

The 825-room Vista International, located in New York City's World Trade Center complex, is the first major hotel to open in lower Manhattan since 1836. Indeed, this past year provided a boom of hotel openings in New York. From mid-1980 through the summer of 1981 new openings included: The Helmsley Palace; the Harley Hotel; the Grand Hyatt; and the Milford Plaza.

While American developers and hotel chains invested in these properties, international firms were also attracted to the New York market.

Hotel Parker Meridien, opened mid-March 1981, is the flagship of the North American division of Meridien Hotels, a wholly-owned subsidiary of Air France. With a solidly established reputation built in Europe, Meridien entered the U.S. market in Houston in 1978. A 330-room Boston property is scheduled to open this month.

Leaning heavily on the hotel's French background, Le Restaurant Maurice attracts a well-traveled clientele willing to pay an average check of $26 for lunch (food only) and $31.50 for dinner.

"Maurice is a restaurant, not a hotel restaurant," emphasizes Benoit Gateau-Cumin, food and beverage director for the hotel. "Our goal is to be one of the top five French restaurants in New York. With our background, we can accomplish this."

The construction boom of new hotels in New York is by no means typical—most construction bids had been placed and accepted before the interest rates ran out of control.

As John D. Lesure, a partner at Laventhol & Horwath points out: "The lodging industry plant (land, building, equipment, etc.) conservatively valued at $32 billion in 1970 could not be replaced today for three times that amount."

As a result, high costs have encouraged the renovation of older hotels. The Peabody, a Memphis landmark, is scheduled to open this month following the infusion of over $18 million for renovations. Built in 1925, the 452-room hotel is privately owned by the Belz family. The hotel features a Lobby Bar for cocktails and high tea, a 90-seat French gourmet restaurant, Chez Phillippe, and a 230-seat theme restaurant called Dux.

While renovations and restorations provide one avenue of growth for the lodging industry, casino gaming operations provide the key to revitalizing otherwise stagnant resort areas. According to a report in the *New York Times*, "Atlantic City's seven casinos took in more than $91.8 million in June, 1981."

With the scheduled Fall opening of the Tropicana in Atlantic City, Ramada Inns Inc. will firmly establish itself in the gaming business. (In 1979, the company entered the market with its purchase of the Las Vegas Tropicana Country Club.) To capture a larger share of the gambler's dollar, the hotel's five lounges and six restaurants offer a wide variety of concepts ranging from Atlantic City's first wine bar (Grapes/Grapes/Grapes) to an observation lounge (Top of the Trop).

Development and expansion of motor inns has been spurred as business people and vacationers examine cost-effective ways to travel.

To take advantage of this growing market base, Days Inns of America Inc. invested more than $15 million in capital improve-

Hotel/Motel Market: Foodservice Sales

1979: $5,892,000,000 +8.9% Sales Growth | **1980: $6,386,000,000 +8.4% Sales Growth**

1985: $10,357,000,000
+10.2% Sales Growth Compound Annual
+1.2% Real Growth Compound Annual

	1979 Sales ($000,000)	1979 Purchases ($000,000)	1979 vs 1978 % Growth	1980 Sales ($000,000)	1980 Purchases ($000,000)	1980 vs 1979 % Growth	1985 Sales ($000,000)	% Compound Annual Growth	Real % Compound Annual Growth
Hotels	3,285	1,149	8.9	3,564	1,246	8.5	***	***	***
Motor hotels	808	282	8.9	876	306	8.4	***	***	***
Motels	1,799	645	8.8	1,946	698	8.2	***	***	***
Total	5,892	2,076	8.9	6,386	2,250	8.4	10,357	10.2	1.2

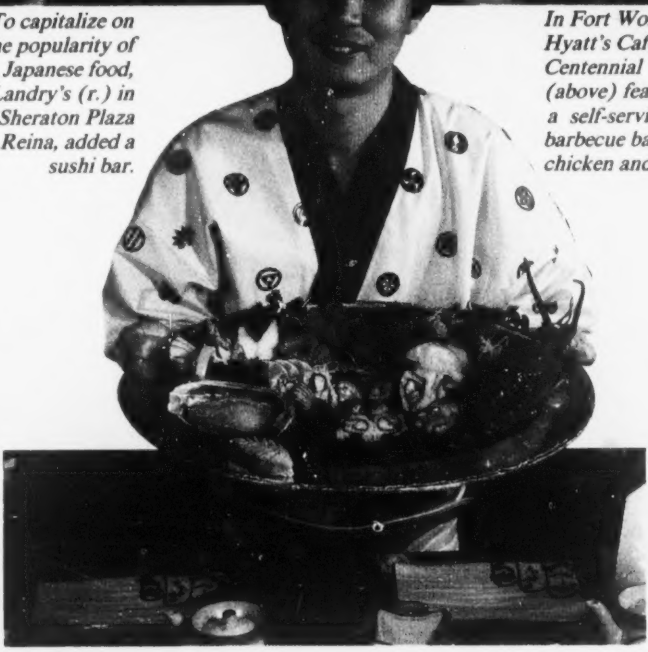
**** There is not sufficient data to develop individual projections for these sub-market segments.*

In Fort Worth, Hyatt's Cafe Centennial (above) features a self-service barbecue bar with chicken and ribs.

ments, repair and maintenance. The units operate as a four-in-one stop for travelers providing lodging, gasoline, a restaurant and gift shop.

In addition to upgrading its family style Tasty World restaurant, the company recently introduced DayBreak, an operation designed to compete with fast food units. Open 24 hours, DayBreak features a varied menu of hamburgers, soups, salads, sandwiches and breakfast items.

To attract all segments of the traveling market, Quality Inns International, divided its operations into three groups: Quality Royale, a select group of hotels, inns, and resorts representing the upper two percent of the chain; Quality Inns, to attract the mid-priced commercial business or vacation traveler; and Comfort Inns to attract the budget conscious traveler or family.



To capitalize on the popularity of Japanese food, Landry's (r.) in the Sheraton Plaza La Reina, added a sushi bar.

The Leisure Market

The long-term outlook in the leisure market is optimistic. With the escalating cost of gasoline seemingly under control and in plentiful supply, the incidence of family driving has increased.

And, as travelers hit the road this spring and summer, there was noticeable boost in park attendance. The National Park Service in Denver records an attendance jump of 10 percent over 1980 levels; while at Grand Canyon National Park in Arizona attendance is up 58 percent.

The same holds true for theme parks. "We are cautiously optimistic," says John Andersen president of Marriott's theme park division. "If the economy and the weather hold out for the rest of the summer, we expect a seven percent increase in attendance with a comparable increase in revenues, profits and per capita spending."

The annual sales volume of the division is $100 million.

Disneyworld in Orlando, Fla. is busy completing the next generation of theme parks. EPCOT (Experimental Prototype Community of Tomorrow) Center is one of the most aggressive expansion projects undertaken by Disneyworld. When it opens in October 1982, EPCOT Center will be an $800 million facility covering 260 acres—twice the size of the current Magic Kingdom.

Attendance is also up at Louisiana Downs, a racetrack in Bossier City. According to food and beverage director David Yount, concession sales of $4.4 million in 1980 were up 33 percent from $3.3 million in 1979. He estimates that this year sales should top $5.2 million.

In addition to five dining rooms, there are 18 concessions. La Nacheries is one of the newest; it features nachos and cheese sauce and frozen margaritas. The Fortune Cookie provides bakery items like cookies, cake and pie from the on-premise bakery.

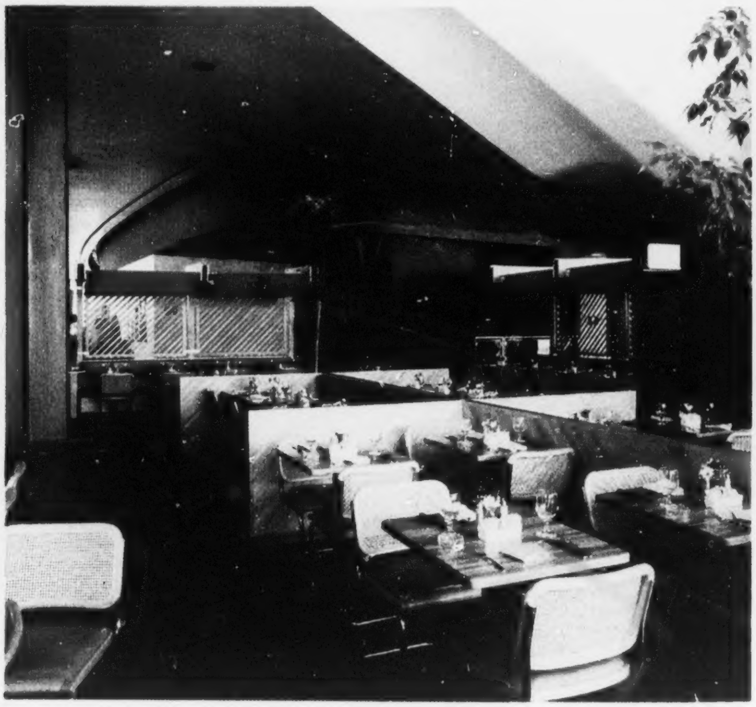
Since the track is open only 105 days, Yount has initiated a catering department which handles private parties during the off-season. To expand business even further, Yount is considering a freestanding beer garden located outside the stadium.

As the third busiest ski area in Colorado, Breckenridge holds promise for the Ogden Corp., which operates three restaurants there. Despite a snowless season in 1980, the company opened its newest restaurant—Peak 8. Food manager Robert Hensley is optimistic about the coming season: "The growing popularity of the sport and the area can only help us."

There were, of course, disruptions in the leisure market. It is hard to imagine that the two words "Play Ball!" could bring such rejoicing to foodservice management firms operating in the sports segment. But, with the two month (June 12—August 10) baseball strike finally settled, stadium concessionaires are struggling to make up for lost sales and profits.

While cities lost revenues in stadium rentals, parking fees, restaurants and hotels, concessionaires lost $3 per capita on baseball fans. Major league baseball attracts close to 45 million fans. The loss of one-third of the season due to the strike resulted in a loss of almost $40 million in sales to stadium food and beverage concessionaires.

In Manhattan, a strike of another



Experience operating the Adagio Buffet (left) and other Lincoln Center facilities helped Restaurant Associates Inc. win the contract for the Kennedy Center in Washington D.C. (right).

Located in Colorado's third busiest ski town, Ogden's The Peak 8 caters to a varied clientele with cafeteria-style service.

kind curtailed business for Restaurant Associates Inc. (RAI). Last fall, the New York City Opera went on strike and the result was a decided impact on business at the Allegro Cafe and Adagio Buffet, two facilities operated by RAI in Lincoln Center.

"To us, a darkened opera house meant 4,000 fewer potential customers. And opera goers are approximately 40 percent of our customer base," says Robert Arnold, director of operations for the center. He notes that a variety of promotions and schedule adjustments for the two facilities helped the company ride out the strike.

Arnold estimates the annual sales volume at Lincoln Center nears $2 million.

Luckily, there was no strike at Washington D.C.'s Kennedy Center, another RAI operation. Here a variety of special promotions will help boost sales to a projected $4 million for 1981.

Leisure Market: Foodservice Sales

1979: $2,235,000,000 +11.3% Sales Growth

1980: $2,474,000,000 +10.7% Sales Growth

1985: $4,425,000,000
+12.3% Sales Growth Compound Annual
+3.2% Real Growth Compound Annual

	1979 Sales ($000,000)	1979 Purchases ($000,000)	1979 vs 1978 % Growth	1980 Sales ($000,000)	1980 Purchases ($000,000)	1980 vs 1979 % Growth	1985 Sales ($000,000)	% Compound Annual Growth	Real % Compound Annual Growth
Places for special events/ seasonal recreation	1,508	558	11.7	1,680	622	11.4	***	***	***
Drive-in movie theaters	162	53	10.2	176	58	8.8	***	***	***
Bowling lanes	458	174	11.5	504	191	10.1	***	***	***
Sporting & recreational camps	107	64	7.4	114	68	7.1	***	***	***
Total	2,235	849	11.3	2,474	979	10.7	4,425	12.3	3.2

**** There is not sufficient data to develop individual projections for these sub-market segments.*

The Transportation Market

Increasing productivity, controlling costs, and adopting new marketing methods for food and beverage facilities are the methods inflight caterers are using to combat the decrease in domestic airline traffic.

The drop is reflected in the segment's real growth rate. In 1979, the real growth rate for foodservice sales in the transportation market was 5.8 percent; in 1980 real sales declined 1.5 percent. During the next five years, foodservice sales in this market segment is expected to increase at a real compound annual rate of 1.9 percent.

Marriott Corporation, the largest supplier of catering services to airlines, operates over 70 flight kitchens serving 75 airlines. According to J. Robert Schultz, executive vice president of Contract Food Services, the division's profits were up 28 percent; sales rose 10 percent.

Schultz attributes much of the division's increased profitability to higher productivity levels. "Last year, we established a productivity group in our headquarters. Comprised of industrial engineers, employees and supervisors, the group studied productivity by working in various kitchens. Then they drew up guidelines to maximize efficiency," Schultz explains.

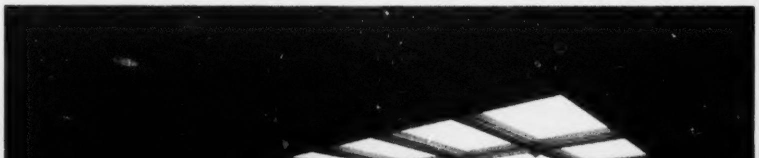
As a result of their findings, Marriott has invested in excess of $3 million to make kitchens more efficient. For example, in some cases additional conveyor belts or dishwashers were installed.

Delta Airlines recently opened one of the world's largest kitchens in the nation's second busiest airport—Hartsfield Atlanta International. A joint venture owned by Delta and operated by Dobbs House, the 122,000 sq. ft. kitchen is highly automated. For example, trolley carts running on a half-mile automated tracking system can transport equipment and meals through the kitchen.

The bulk of Dallas-based Sky Chefs operations is its airport terminal food and beverage facilities. In addition, the company services 46 carriers.

"Over 75 percent of our airport customers are impulse buyers and as the number of passengers decline so does the number of people that walk past our units," he notes. As a result, the company is trying to respond to "the nature of the customer." Sky Chefs is concentrating its efforts to make airport concessions more attractive and colorful.

O'Neill also points out that as airports lean towards making concessions "non exclusive" and begin incorporating specialty food shops, Sky Chefs must protect its interests. As a result, the company recently



Difficult to maintain, tollway restaurants are no longer built by Marriott.

Marriott reports sales are up 10 percent; profits, 28 percent.

concluded a franchise agreement with Häagen Dazs to establish ice cream kiosks in airports.

As airline fares increase, more consumers are turning to alternative methods of transportation. According to Continental Trailways, during the past two years, almost 27 million people have traveled nearly four billion passenger miles.

"Our customers are those bus passengers and they are not here to eat," says Dave Laughlin, president of Trailways Foodservice.

To service this transient customer, Trailways designed the Refreshment Center USA, a radical departure from its traditional full-line cafeteria. A compact snack center, the unit features a menu of hot/cold sandwiches, burgers, hot dogs and breakfast items. The unit needs only 12 feet of counter space, and only one employee to operate it.

Although the incidence of driving is on the upswing, business at Truckstops of America has dropped 25-28 percent. Although the company registered sales of $30 million for its 28 operations, the high cost of fuel coupled with a drop in tourism had a decided impact.

"Restaurants aren't necessarily the draw they used to be," notes Ed Johnson, director of marketing. "The driver is going to where the fuel is cheaper so we price our diesel fuel competitively." However, to capture the total dollar, the company is aggressively promoting its restaurants to the local market.

Transportation Market: Foodservice Sales

1979: $1,757,000,000 +17.0% Sales Growth

1980: $1,911,000,000 +8.8% Sales Growth

1985: $3,208,000,000
+10.9% Sales Growth Compound Annual
+1.9% Real Growth Compound Annual

	1979 Sales ($000,000)	1979 Purchases ($000,000)	1979 vs 1978 % Growth	1980 Sales ($000,000)	1980 Purchases ($000,000)	1980 vs 1979 % Growth	1985 Sales ($000,000)	% Compound Annual Growth	Real % Compound Annual Growth
Air & rail (in transit)	949	470	20.4	1,046	518	10.2	***	***	***
Terminal facilities	454	168	17.0	487	173	7.3	***	***	***
Highway (interstate)	250	92	5.9	263	95	5.1	***	***	***
Passenger & cargo liners	104	57	16.6	115	63	10.8	***	***	***
Total	**1,757**	**787**	**17.0**	**1,911**	**849**	**8.8**	**3,208**	**10.9**	**1.9**

**** There is not sufficient data to develop individual projections for these sub-market segments.*

The Retail Market

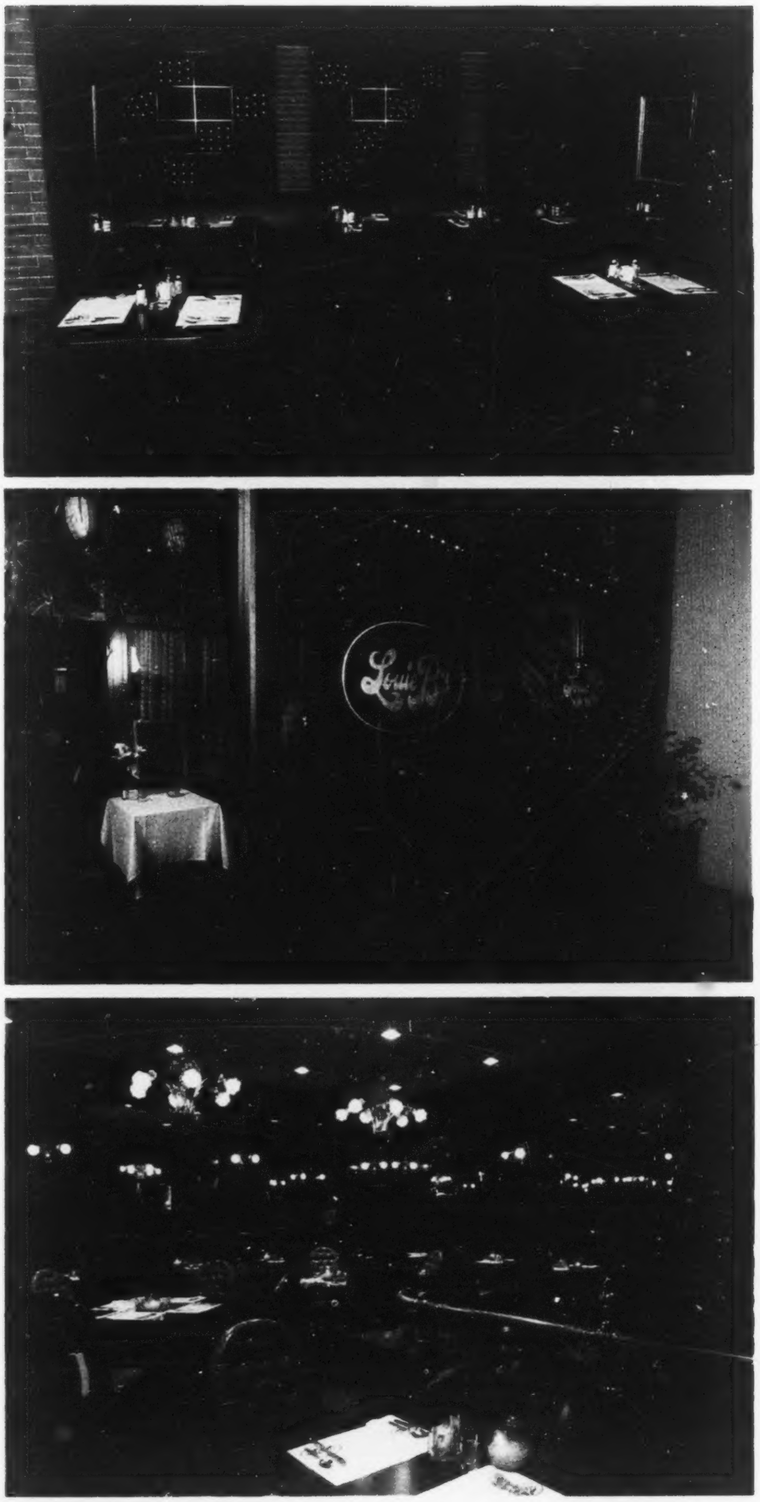
The retail segment of the food-away-from-home market is unique in many respects. It is composed of department stores, variety and general merchandise stores, drug stores and retail food stores including convenience facilities which sell meals, either to go or for on-premises consumption. In each of these operations, foodservice is not the principle source of revenue. For that reason, some chains in the retail store segment have traditionally looked askance at their foodservice facilities, considering them merely a customer service.

But recently, the foodservice business in this environment has taken on added importance. (For an extended look at department store foodservice, see *Restaurant Business,* September 1, 1981.) These changes have occurred for a number of reasons. The high costs of retail space no longer allow retail chains to continue to operate non-profit-producing departments. In addition, retail store executives have realized that restaurants are potential traffic builders in their own rights and, if properly managed, can be profitable and enhance the store's overall image.

Although still dormant in many retail chains, in-store foodservice for some innovative retailers is catching up with the rest of the restaurant industry. Department store foodservice managers report wider acceptance and support for restaurants within their retail organizations.

This new support takes many forms: primarily, a willingness on the part of store executives to provide the capital necessary for facility construction or renovation, menu development and the hiring of professional foodservice management. Many foodservice directors also report being offered better in-store locations, an important ingredient in their success.

While some department store organizations have chosen to abandon foodservice and others have decided to lease this department to outside



Bamberger's new restaurant and deli, Louie B's, is located in King of Prussia, Pennsylvania. Offering a variety of sandwiches, salads and full meals, the concept has met with tremendous success in other locations, according to Mulholland.

professionals, other chains have made the commitment to upgrade and expand foodservice on their own. Accounting and management techniques are changing to reflect this new environment.

Says Richard Ring, director of food operations for Cincinnati-based Federated Department Stores: "We are close to the completion of a program which will eventually bill all costs directly to restaurant departments."

The upshot of this, in a radical departure from the past, has been to force department store restaurants to become more competitive. In the past, restaurants were "carried" by the stores and were billed for only part, or none, of their operating expenses.

New design and updated menu concepts are appearing with great frequency throughout the restaurants in department stores. Some, including the Toronto-based Hudson Bay Company's "Crepes n' Greens," have even moved out of the stores completely to compete in mall food courts or as freestanding entities. These are all dramatic departures for a market segment which once existed only to provide a place for weary shoppers to rest their feet.

Foodservice is becoming an increasingly important product line in convenience stores. In fact, convenience store foodservice could pose a serious threat to the traditional restaurant business, particularly the fast food giants. With numerous locations (36,000), high visibility and economies of scale allowing for widespread regional and national television advertising, some of these convenience store chains are well positioned to take a larger slice of the growing food-away-from-home pie. An additional plus for convenience stores is the sale of gasoline at many locations. If and when gasoline availability or pricing problems again curtail customer movement, consumers will be more likely to seek out one-stop shopping opportunities. The convenience store market could come out the big winners in such an economic environment.

7-Eleven is the largest such chain. With more units nationwide than even McDonald's at the end of 1980, (7,000 for 7-Eleven vs. Big Mac's 5,910), the Dallas-based division of the Southland Corp.—which registered $900 million in foodservice sales in 1980—is in an excellent position for foodservice growth. The chain offers a limited menu to go: sandwiches, pizza, burritos, fountain soft drinks, coffee and breakfast items. Thirty sandwiches packaged under the 7-Eleven or Landshire name are prepackaged for fresh consumption or flash-frozen for reheating. The chains' signature item is a "Slurpee," a semi-frozen carbonated beverage.

In 1980, 7-Eleven embarked on a campaign to gain more recognition as a purveyor of fast food fare. Using the tag line, "7-Eleven has what you want, when you want it," the chain agressively promoted its entry into the breakfast market. 7-Eleven offers two specialties in the morning: "egg hamlette" and a sausage and egg with cheese sandwich.

Walgreen's, the Chicago-based chain of drug stores, posted $91.3 million in foodservice sales in fiscal 1980, seven percent of the company's total sales for the year. But, between 1979 and 1980, the chain closed 34 in-store restaurants. "We are in transition in terms of foodservice," says Thomas Mammoser, corporate news manager. "We are closing marginal restaurants and remodeling productive ones. But foodservice expansion is directed at our separately located restaurant concept, Wag's."

The chain, which operates primarily in Illinois and Florida, added 10 new Wag's in 1980. Other stores are being remodeled with a lighter, airier look to attract additional customers.

Retail Market: Foodservice Sales

1979: $3,075,000,000 + 10.3% Sales Growth | **1980: $3,355,000,000 + 9.1% Sales Growth**

1985: $5,451,000,000
- **+ 10.2% Sales Growth Compound Annual**
- **+ 1.2% Real Growth Compound Annual**

	1979 Sales ($000,000)	1979 Purchases ($000,000)	1979 vs 1978 % Growth	1980 Sales ($000,000)	1980 Purchases ($000,000)	1980 vs 1979 % Growth	1985 Sales ($000,000)	% Compound Annual Growth	Real % Compound Annual Growth
Department stores	986	395	7.6	1,053	422	6.8	1,674	9.7	0.8
Variety & general merchandise stores	470	183	9.3	507	197	7.9	779	9.0	0.1
Drug & proprietary stores	345	131	2.2	353	134	2.4	394	2.2	−6.1
*Other specialized retail stores (including food outlets)	1,274	466	15.5	1,442	527	13.2	2,604	12.5	3.4
Total	3,075	1,175	10.3	3,355	1,280	9.1	5,451	10.2	1.2

** Other specialized retail stores include: Food stores including grocery & convenience, gasoline service stations and misc. retailers (Liquor, cigar, etc.).*

The business and industry market is one of the largest segments of the foodservice industry. In 1980, it rang up $7.2 billion in sales and *Restaurant Business* projections show it growing at a 1.3 percent real compound annual rate through 1985.

Business and industrial operators have been innovative in recent years in the development of nutrition programs, in more aggressively promoting their foodservice facilities, and in emphasizing quality food, decor and service.

"We're doing well, but we're up against the same old problems," says Gerald Dreher, assistant manager of the John Hancock facilities in Boston. "Although we are subsidized, we face ever higher costs for food, labor and energy. It's not abating. The key is to provide the quality we want and that our employees demand."

Other business and industrial segment foodservice directors echo that thought. At Continental Illinois Bank in Chicago, three of six employee cafeterias were built within the last four years. "We're upgrading our facilities to provide a pleasant, non-institutional environment," says Erv Jensen, foodservice director for the bank. "A few years ago, the dining rooms were very austere. The attitude was to just get the food out there, but that's no longer the case."

Jensen, whose operation is also subsidized, observes that the improved dining atmosphere and the upgraded food are noticeably contributing to employee morale. Participation throughout the corporation is up, according to Jensen, who notes: "We're feeding many more people among the executive staff now, people we never used to see in here at all."

Richard Ysmael, corporate director of employee services for Motorola, agrees that renovation and upgrading to a quality image increases participation and improves employer/employee relations.

"At one of our new facilities in Phoenix," notes Ysmael, "We've been able to visibly demonstrate what a difference upgrading the dining facilities can make to employees. In a customer attitude survey following renovation, we discovered that a wide majority viewed the changes favorably and felt the new look in the dining rooms demonstrated Motorola's commitment to its employees."

"Our job is to deliver quality and value," says Fedele Bauccio, president of Saga's business and industry division. "We are after clients who view employee foodservice as a benefit. We are primarily located in corporate headquarters, banks and insurance companies. Our clients' entire thrust is toward quality."

Opened in 1976, this cafeteria at John Hancock's offices in Boston now handles 1,200 people for breakfast and 3,000 for lunch

Business and Industry: Foodservice Sales

1979: $6,874,000,000 + 11.6% Sales Growth | **1980: $7,963,000,000 + 5.1% Sales Growth**

1985: $11,763,000,000
+ 10.3% Sales Growth Compound Annual
+ 1.3% Real Growth Compound Annual

	1979 Sales ($000,000)	1979 Purchases ($000,000)	1979 vs 1978 % Growth	1980 Sales ($000,000)	1980 Purchases ($000,000)	1980 vs 1979 % Growth	1985 Sales ($000,000)	% Compound Annual Growth	Real % Compound Annual Growth
Contract feeding in plants (cafeterias primarily)	2,017	940	12.4	2,093	975	3.8	3,412	10.3	1.3
Contract feeding in business offices	541	252	13.5	591	275	9.2	1,012	11.4	2.3
Internal feeding-plants & business	1,302	637	11.6	1,362	666	4.6	2,040	8.4	-0.4
Waterborne employees	233	140	12.6	254	152	8.8	350	6.6	-1.0
Mobile on-street catering	434	152	12.6	462	162	6.4	799	11.6	2.5
Food vending machines (excluding packaged soft drinks & candy)	2,347	798	10.3	2,460	826	4.8	4,150	11.0	2.0
U.S. Defense personnel	***	1,537	***	***	1,660	***	***	***	***
Food furnished foodservice employees	***	2,995	***	***	3,247	***	***	***	***
Total	6,874	7,451	11.6	7,222	7,963	5.1	11,763	10.3	1.3

**** There is not sufficient data to develop individual projections for these sub-market segments.*

Many of the major foodservice management firms and independents in this segment have begun to emphasize healthy, nutritious dining alternatives. Salad bars have become almost universal throughout this market, and many companies have developed comprehensive nutrition programs.

ARA's "Physfoods" program offers special menu items which are perceived by consumers as "healthy." The program is now in 75 percent of ARA business and industrial accounts.

Canteen provides information on menu item selection in its accounts. Employees are informed of a given item's caloric content, sodium and cholesterol quantity, etc. In addition, the company makes available information on dieting, running and other exercise regimens.

A similar program begun by Interstate United is called "Health nuts are committed to good nutrition." Menu boards and posters offer special items daily which are low in sodium, cholesterol, fat and carbohydrates. Brochures on these topics are available at tables. Interstate reports wide acceptance of the program, even in blue-collar installations. Some companies have designed their own exercise programs to dovetail with Interstate's "Health nuts" offerings.

Bauccio of Saga reports: "We're going back to basics in the area of nutrition. We are cooking almost 100 percent from scratch and producing our own soup stocks, rather than relying on prepared products."

Other foodservice directors, including Kay Stammers of Kodak in Rochester, New York and Erv Jensen of Continental Illinois Bank in Chicago, report more reliance on scratch cooking in their facilities.

And, at Kodak, vending is becoming increasingly important. Because the Rochester facility is sprawling and workers are scattered over large areas, vending has proven to be an attractive alternative. Refrigerated vending machines are filled three times a day with everything from hot dogs to full meals, all of which is prepared in Kodak's kitchens. The food purchased is heated in microwave ovens available near the machines.

Marketing and promotion has become an integral part of employee feeding. "We have to compete with the chains on the street in order to keep our participation percentages up," says Richard Ysmael of Motorola. To that end, Ysmael and his staff this year introduced a chicken sandwich. It was promoted with the tag line: "How do you build a great chicken sandwich? Naturally."

The product is a whole breast fillet which is breaded, fried and placed on a sesame seed bun with full garnish. "It's better than Wendy's sandwich," claims Ysmael. It was promoted with the give-away of a number of ten-speed bicycles in each installation. To obtain a chance a customer purchased the chicken sandwich and received a game form which required the proper answer to a question.

"The raffles generated terrific excitement and high visibility for the sandwich and for foodservice operations," says Ysmael. During the promotion, the chicken sandwich accounted for three percent of sales within Motorola's employee foodservice system.

Motorola is also promoting another meal occasion, the afternoon break. Using point of purchase materials from a yogurt manufacturer, the product was featured during the afternoons. "It has created business which was never there before," says Ysmael.

The Health Care Market

Burgeoning competition in the health care market is placing added stress on inflation-strained budgets. The health care market has experienced minimal real growth during the last two years—1.7 percent in 1979; 0.7 percent in 1980. The projection for real compound annual growth over the next five years is only 0.9 percent.

Several factors have contributed to increasing competition in the health care market.

The high cost of medical care and growing emphasis on preventative medicine and outpatient clinics has reduced the average patient stay to six days. In addition to fewer patients spending less time in hospitals, a boom in hospital construction a few years ago has resulted in a surplus of beds.

Since the health care operator also services the employee as well as the patient, operators must combat menu boredom among their customer base. In response to this problem, many are adapting on-street restaurant concepts to their operations.

Restaurant-style menus for patients on restricted diets have emerged as a marketable extra.

The Lutheran Hospital in Fort Wayne, Indiana, offers "A Special Meal" program of cooked-to-order foods with hostess service for an extra charge. Available for all three meals, the menu features a choice of appetizer, salad, entree, vegetable, wine (at dinner) and dessert.

According to J.C. Braden, administrative assistant in charge of foodservice, the special meal program has become a popular gift idea in lieu of flowers or candy. In addition, it allows visitors to enjoy a traditional meal with a patient.

ARA Services Inc. also provides a patient "roomservice" program. According to Mary Beth Crimmins, director of health care services for the company, the program was an expansion of ARA's "Stork Club" which provides a gourmet meal to a newborn's parents before leaving the hospital.

At Holy Name Hospital, in Teaneck, N.J., foodservice director Gerald J. Scelzi, designed a program catering to executives from the surrounding business community. "Since many of the nearby corporations require and pay for their employees' annual physicals, we implemented a program where the executives come in the night before. We provide a 'gourmet' meal of lamb chops or steak and the next day, the hospital conducts a total work up. The patient checks out of the hospital that afternoon."

As the inpatient market shrinks, hospitals are becoming more involved in the community. For example, ARA has been actively involved in a senior citizen feeding program both in the hospital and in the community with a "meals on wheels" program. "It is this type of business we have to cultivate for further growth," notes ARA's Crimmins.

To provide greater variety in its menu offerings and to spark community interest, Custom Management Corp. has adopted a "Guest Chef" program in major metropolitan areas. According to John Kravitch, vice president of the northern division, a well known local chef will be invited to the hospital to prepare the menu for both the patients and the staff.

"Foodservice is one of the benefits made available to our employees," notes Lutheran Hospital's Braden, "so it should be done with some creativity, and some flair."

Space constraints and high labor costs also pose considerable challenges to foodservice directors in the health care market. As a result

ARA's popular Stork Club offers new parents a gourmet meal.

A fruit-filled breakfast bar is one example of the many self-service concepts used at The Lutheran Hospital.

space-saving and non-labor intensive self-service bars have debuted in many operations.

At Lutheran Hospital, for example, a breakfast bar in the morning (featuring fresh fruits) becomes a "spectacular spud" baked potato bar featuring a variety of toppings at lunch. To compete with local fast food units, chicken fillet sandwiches are offered.

While self-service bars may help trim labor costs, many companies are re-examining their total operations. "Fighting inflation has been our biggest challenge this year," notes Robert Dohring, senior vice president of Service Systems. "We have placed additional emphasis on our cost containment program, purchasing specifications, recipes and productivity. We're going back to the basics: weigh it; count it; check it and then double check it."

Health Care Market: Foodservice Sales

1979: $9,012,000,000 +11.2% Sales Growth

1980: $9,800,000,000 +8.7% Sales Growth

1985: $14,741,000,000
+8.5% Sales Growth Compound Annual
+0.8% Real Growth Compound Annual

	1979 Sales ($000,000)	1979 Purchases ($000,000)	1979 vs 1978 % Growth	1980 Sales ($000,000)	1980 Purchases ($000,000)	1980 vs 1979 % Growth	1985 Sales ($000,000)	% Compound Annual Growth	Real % Compound Annual Growth
Hospital—internal	6,055	2,740	11.4	6,570	2,973	8.5	9,654	8.0	0.3
Hospital/nursing home—contract	751	300	10.8	821	328	9.3	1,274	9.2	1.4
Other institutions—internal (for specialized care including nursing and old age homes, orphanages, etc.)	2,206	1,395	10.8	2,409	1,523	9.2	3,813	9.6	1.8
Total	9,012	4,435	11.2	9,800	4,824	8.7	14,741	8.5	0.8

The Student Market

The 1,000 seat Grace Watson cafeteria serves over 5,000 resident students daily from the Rochester Institute of Technology.

Foodservice operators in the student market are holding their breaths as they wait to see where the Reagan budget ax will fall. Currently, there is only speculation as to which districts will be hardest hit. It is evident, however, that the cuts will be down socio/economic lines with paying students most affected.

The cutbacks come at an already difficult time for operators. Real compound annual growth for this segment is projected to be a negative 1.6 percent over the next five years. (See chart below).

"The most difficult problem we face now, is projecting budgets," says Lineea Storm, vice president of schools services for ARA. "All we can do is guess, but it looks as if areas where 80 percent of the students are paying reduced prices or

Student Market: Foodservice Sales

1979: $5,756,000,000 +10.4% Sales Growth | **1980: $6,251,000,000 +8.6% Sales Growth**

1985: $8,359,000,000 — **+6.0% Sales Growth Compound Annual** / **−1.6% Real Growth Compound Annual**

	1979 Sales ($000,000)	1979 Purchases ($000,000)	1979 vs 1978 % Growth	1980 Sales ($000,000)	1980 Purchases ($000,000)	1980 vs 1979 % Growth	1985 Sales ($000,000)	% Compound Annual Growth	Real % Compound Annual Growth
School—internal (public, parochial, elementary & secondary)	2,136*	2,907**	10.2	2,296	3,125	7.5	2,682	3.2	−4.2
School—contract	577	283	9.5	624	306	8.1	926	8.2	0.5
Colleges, universities—internal	2,039	1,048	10.1	2,225	1,144	9.1	3,141	7.1	−0.5
Colleges & universities—contract	1,004	356	12.1	1,106	392	10.2	1,610	7.8	0.1
Total	5,756	4,594	10.4	6,251	4,967	8.6	8,359	6.0	−1.6

** Actual cash receipts from children reported by states to USDA (plus parochial and other private schools). Sales are lower than purchases because of subsidy programs.*

*** Not including $872 million worth of commodities and milk, a 12.4% increase from 1978.*

not paying at all, will probably not feel it as much as areas involving non needy' students."

Storm points out that community awareness needs to be stressed. "We probably will have to raise our prices and we want the parents to know why."

According to John Kravitch, vice president of the northern division for Custom Management: "Many schools are taking a look at changing their programs. While some may choose a 'brown bag' lunchroom, others will adopt a la carte programs."

The switch to a la carte programs may prove to be a life line for operators and schools alike. The advantage of such programs is that they allow a freedom of menu selection. Schools are freed from conforming to set menus and can spend their money buying what the students want to eat.

For the operators, a la carte programs provide an alternative avenue of sales. Both Custom Management and ARA are aggressively positioning these types of programs.

In addition, Custom is introducing its "Four for Fitness" program in elementary and secondary schools. The program is a system for matching nutritional values of foods with a variety of color codes.

Colleges and universities will not be as adversely affected by the decrease in student loans as their counterparts in elementary and secondary schools were by budget cutbacks. The challenge of profitably feeding a generation raised on fast food and demanding instant gratification remains one of the biggest problems in this segment.

Since three square meals a day is not necessarily compatible to the lifestyle of a college student, caterers in this segment are upgrading services to include delis and salad bars as tastes demand. This also explains the popularity of the "street of shops" concept which offers a variety of foods: tacos, hamburgers, pizza, frozen yogurt, and ice cream.

At Loyola University in New Orleans, one building houses all the foodservice on campus. This includes: a cafeteria, a fast food unit (Hardee's), a snack bar, a pub, and a soup, sandwich and salad bar within the pub. Here, students can pay with a credit card which is part of a central computer system.

A wide variety of foods helps fight menu boredom which continues to plague institutional foodservice operators. "Monotony breakers are still the key to the student market," says James Fox, director of business services for Rochester Institute of Technology which supports seven operations including a pub and a convenience food store. "We have expanded on 'theme' nights to include live music."

For example, on "Italian night" an accordian player will roam the dining facilities while on Valentine's Day strolling violinists will serenade diners.

Fox also points out the heavy emphasis the school places on nutrition. In addition to a newsletter on health and nutrition which is published twice a month, students from the hotel/restaurant school set up information booths outside eating areas.

Like their counterparts in the commercial sector, students are becoming more demanding in their choice of foodservice. At the University of Connecticut, a cocktail lounge and dinner house will open in November. It will be the university's ninth foodservice facility. "We intend this restaurant to be an alternative to the pub," notes Len Hodgsen, director of foodservice.

Featuring a menu of steak and prime rib, the 300-seat restaurant/lounge will feature live music three nights a week.

Budget cutbacks may cause elementary schools like this one in Rochester, N.Y. to switch to a la carte programs.

The Military Market

The traditional picture of military foodservice is of thousands of soldiers lined up to receive meat and mashed potatoes from a disheveled cook inevitably wearing a dirty apron with a cigarette dangling from his mouth. But in today's military, that picture of foodservice is far from the truth.

Although figures show a 4.4 percent negative real growth rate for 1980, military foodservice is expected to demonstrate a 1.0 percent real compound growth rate through 1985. President Reagan's proposal to increase military personnel by 200,000 people over the next two to three years, bringing the total in uniform to 2.3 million, will also have a dramatic impact on this market segment.

Military foodservice today is characterized by innovation in menu, decor and service. Taking a cue from the popular eateries outside their gates, some military installations are now offering entertainment, special events and variations on fast food.

At the Naval Education and Training Center in Newport, Rhode Island, one major innovation used to boost sales revenues is the booking of private parties, including wedding receptions and senior citizen gatherings. According to foodservice general manager Donald Bonville, who won an award this year from the Navy for his innovations, the old club, which used to be basically a stag room, has become a popular dining alternative for servicemen and their families.

The 27,000-sq. ft. operation includes five bars, a 180-seat dining room, a cocktail lounge seating 100 with a dance floor and a family room with pool tables, television and dart boards.

"No other restaurants in this area offer what we do," claims Bonville, "And our prices are better."

The effort being made to keep servicemen on base to seek entertainment and food is paying off: revenues last year increased to half a million dollars. Other promotions include "Big Band Night," featuring dining and dancing and a "Crab Feast," offering patrons all they can eat for $9.95.

At the Tinker Air Force Base in Oklahoma, fast foods are proving to be sales builders. Foodservice at Tinker consists of five cafeterias and five snack bars which grossed $4.5 million in 1980. Recently, the "Tinker Burger" was introduced. A modern building, the facility offers a wide range of fast foods, including the "Tinker Burger" itself, a 5.5 oz. burger with lettuce, tomato and sauce, which is sold for $1.60. The restaurant seats 40 and boasts a drive-through window. According to Clarence Price, general manager of the base restaurants at Tinker: "We're selling between 800 and 1,000 of those a day. The response has been tremendous and more people are staying on base to eat." Price has also used "two for one" promotions to attract business.

Robert G. Ashton, foodservice manager at the North Island Naval Air Station in San Diego, also reports success with a fast food concept, "The Line Shack." Offering burgers, fried chicken, deli sandwiches, breakfast and beverages, the 24-hour facility is taking in $35,000 monthly. "And its extremely profitable due to low labor costs," says Ashton. The restaurant has been advertised in base publications. Due to the success of this operation, the Navy will soon expand the concept to other bases in California and Texas.

Most military foodservice directors agree that proposed increases in base personnel and their families will have a positive effect on their sales.

The Commissioned Officers' Mess at the naval base in San Diego won the Navy's 1980 "Best Mess" award.

14th Annual Restaurant Growth Index

by Robert M. Katz

The Bureau of the Census has now begun disseminating some of the results of the April 1, 1980 Census. These data have been incorporated into the 1981 RGI report. Now the foodservice industry can determine exactly how the population has shifted in the past 10 years. We can also begin to learn a great deal about the characteristics of those who remain in certain parts of the country and those who have moved.

Perhaps, one of the most crucial items to be learned from this Census of Population and Households is the resident population count of the United States.

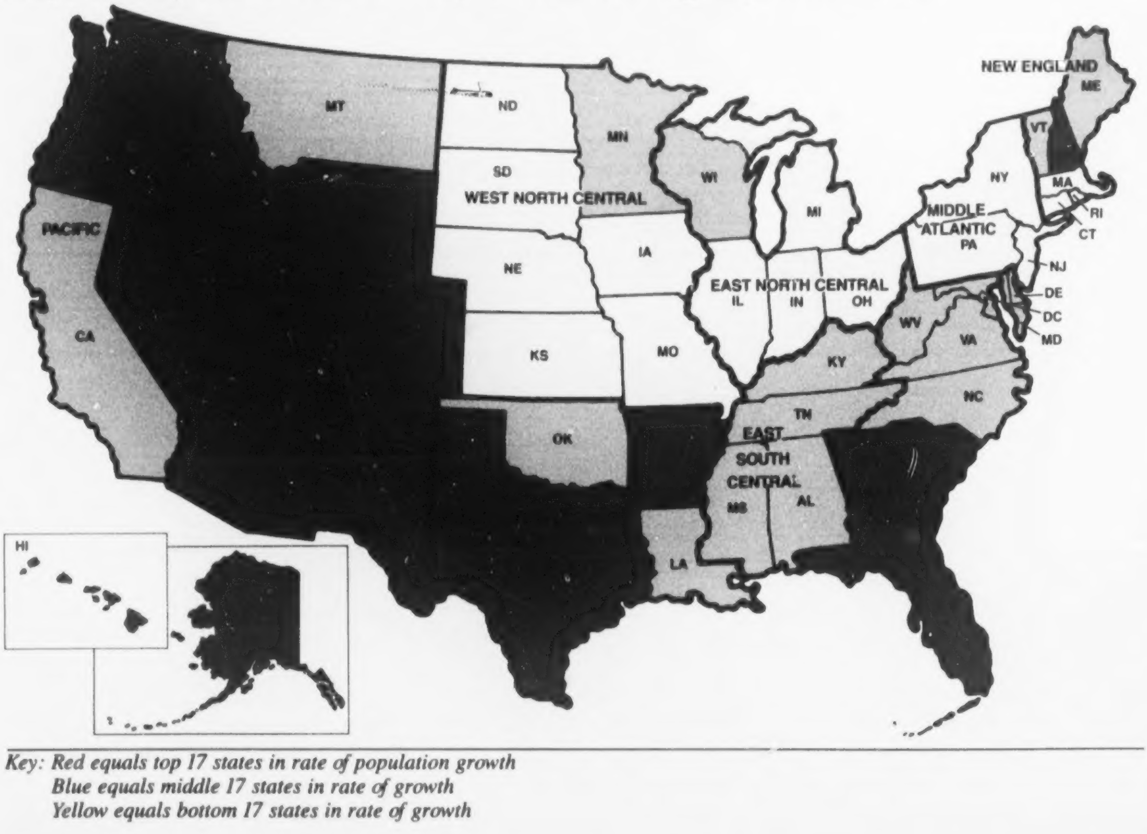
Prior to tabulating the results of the Census, the Bureau had estimated the population to be 221,670,000. After tabulating the official number became 226,505,000. That's a difference of 2.2 percent or 4,835,000, almost five million more people than expected. The additional people, it is assumed for now, are part of the previous undercount and the undocumented (illegal aliens) population. That is, those people who resided in the United States, but for official purposes were never able to be found until now. Those five million people are included in the 1980 Census. (Of course, there is still an undercount. During the next few years the Census Bureau will publish its estimate of those who couldn't be found.)

Table I is a summary of various Census statistics. The key data presented include: Population (4/1/80, 4/1/70); Households (4/1/80); Number of Persons per Household (4/1/80); Black Population (4/1/80); and Spanish Population (4/1/80). The data are for the total United States, as well as by major Census region and by state.

continued on page 178

Mr. Katz is vice president of Market Statistics, a division of Bill Communications, Inc. All data are copyrighted by Restaurant Business *Magazine and* Sales and Marketing Management *Magazine and further reproduction is forbidden.*

Map 1. Population Growth by State and Region, 1970–1980



Key: Red equals top 17 states in rate of population growth
Blue equals middle 17 states in rate of growth
Yellow equals bottom 17 states in rate of growth

The key shift for the foodservice industries is that the average number of persons per household has shrunk dramatically. Not only are typical husband-wife families smaller in size, but the number of one person and two person households has also grown. This has had profound influence on the eating styles of Americans. To see how dramatic the shift has been, one must realize that the average household size has decreased from 3.205 (4/1/70) to 2.747 (4/1/80) in the past 10 years. That is a reduction of 14 percent. If the average size of the household had remained the same (as in 1970), we would have 70,672,387 households in 1980 rather than the 80,376,605 that were found. This is a difference of nearly 10 million.

On a state-by state basis, one can see some variations. Utah has 3.20 persons per household; Hawaii has 3.15, while District of Columbia has 2.40 and Florida 2.55. A great majority of the states fall in the 2.65 to 3.85 category—36 out of 51 states. That indicates similar household formation patterns in most of the United States. But the differences are attributable to changes in the general way of life. Utah has many family oriented citizens, while Florida has a large number of retired one- and two-person households.

Map I is a visual presentation of the tremendous migration that has taken place in the 1970s. The 50 states plus the District of Columbia are ranked by the population growth (1970-1980) and divided into three groups (red equals top 17 states in growth; blue equals middle 17 in growth; yellow equals bottom 17 in growth). Migratory shifts are of paramount importance to all marketers, especially in the foodservice industry.

Almost the entire Western part of the United States grew considerably above average. California and Montana are the two exceptions—as they experienced only average growth. Eleven of the top 17 fastest growing states are quite small and even a 25 percent increase in population does not add up to very many people. However, the implications of this phenomenon will continue throughout the 1980s. The concept of living in a more pleasant climate, with low population density and with a wide open countryside is a popular one. More and more people are willing to relocate to find a more casual lifestyle.

In the Northeast, only the relatively small state of New Hampshire grew above average. Most of the other states in this region sustained below average growth, the losers include the largest states in the area—New York, New Jersey and Pennsylvania.

The North Central region did not have a single state with above average growth. Throughout the 1970s, especially during the second half of the decade, this part of the country experienced severe economic problems, which were primary factors for the lack of growth.

The basic industries in these states include automotive, steel and rubber products, all of which suffered severe problems as a result of inflation and a general downturn in the economy. The problems in these basic industries have had a depressing effect upon the many contractors and sub-contractors that are unique to these industries, all of which have contributed to the outmigration of many unemployed and dissatisfied citizens from these states. The end result has been redistribution of blue collar workers, with a marked shift away from the Midwest to the West and South.

The Southern region, on a state-by-state basis, has enjoyed either average growth or above average growth. Not one state in this region was among the bottom 17 in growth.

The top two states in terms of the fastest growth were Texas and Florida. Between these two, in 10 years almost six million more people (3,029,728 in Texas and 2,948,574 in Florida) were identified by the Census. Of the total population increase in the United States, over 25 percent was concentrated in Florida and Texas.

The growth patterns in the 1970s have clearly shifted the population center southerly and westerly. In general, the movement is toward areas that offer better climatic conditions, newer facilities, less crowded neighborhoods and greater job opportunities. Some people move when there is difficulty finding employment locally. Others simply pack their belongings and go and then look for a job. But what many of those who move have in common is the direction of their move.

People who move to a new part of the country can be expected to spend more than the average consumer. They buy homes, furniture, and other goods; and are developing new expenditure habits, both as households, and as individuals.

Another fact well documented in the 1980 Census is the continued growth of two subgroups of the population: Black population and Spanish population. In 1970, Blacks accounted for 11.1 percent and people of Spanish origin 4.5 percent of the U.S. population. Combined they represented 15.6 percent of the total. Blacks now represent 11.7 percent of the population and Spanish 6.4 percent or 18.1 percent in total. However, in many markets (and even on a state basis) they form a larger percent of the total population. The Black and Spanish population in many parts of the country are the keys to having a successful marketing program.

Map II highlights the concentration of Blacks by state. The states and the District of Columbia are ranked by their percent of Black population.

As *Map II* illustrates, Blacks constitute a very large part of the population in the Southern region. Twelve of the states with the greatest concentration of Blacks are in the Southern region. Other Black population centers are located in the Northeast (New York, New Jersey, Delaware) and North Central (Illinois, Michigan) regions.

As shown in *Map III*, the Spanish population according to the results of the 1980 Census is also highly

continued on page 180

Table 1 1980 Census Demographic Highlights

REGION State	4/1/80* Population (Thousands)	4/1/70* Population (Thousands)	% Change 1970-1980	4/1/80* Households (Thousands)	4/1/80** Persons Per Household	4/1/80 Black* Population (Thousands)	% of Total	4/1/80 Spanish* Population (Thousands)	% of Total
Connecticut	3,108	3,032	2.5	1,094	2.76	217	7.0	124	4.0
Maine	1,125	994	13.1	395	2.75	3	.3	5	.4
Massachusetts	5,737	5,689	0.8	2,033	2.72	221	3.9	141	2.5
New Hampshire	920	738	24.8	323	2.75	4	.4	6	.6
Rhode Island	947	950	−0.3	339	2.70	28	2.9	20	2.1
Vermont	511	445	15.0	178	2.75	1	.2	3	.6
NEW ENGLAND	**12,348**	**11,847**	**4.2**	**4,362**	**2.74**	**475**	**3.8**	**299**	**2.4**
New Jersey	7,364	7,171	2.7	2,548	2.84	925	12.6	492	6.7
New York	17,557	18,241	−3.7	6,340	2.70	2,402	13.7	1,659	9.5
Pennsylvania	11,867	11,801	0.6	4,221	2.74	1,048	8.8	154	1.3
MIDDLE ATLANTIC	**36,788**	**37,213**	**−1.1**	**13,109**	**2.74**	**4,374**	**11.9**	**2,305**	**4.7**
Illinois	11,418	11,110	2.8	4,043	2.76	1,675	14.7	636	5.6
Indiana	5,490	5,195	5.7	1,927	2.77	415	7.6	87	1.6
Michigan	9,258	8,882	4.2	3,195	2.84	1,199	12.9	162	1.8
Ohio	10,797	10,657	1.3	3,834	2.76	1,077	10.0	120	1.1
Wisconsin	4,705	4,418	6.5	1,652	2.77	183	3.9	63	1.3
EAST NORTH CENTRAL	**41,670**	**40,263**	**3.5**	**14,651**	**2.78**	**4,548**	**10.9**	**1,068**	**2.6**
Iowa	2,913	2,825	3.1	1,053	2.68	42	1.4	26	.9
Kansas	2,363	2,249	5.1	892	2.62	126	5.3	63	2.7
Minnesota	4,077	3,806	7.1	1,446	2.74	53	1.3	32	.8
Missouri	4,917	4,678	5.1	1,794	2.67	514	10.5	52	1.1
Nebraska	1,570	1,485	5.7	571	2.66	48	3.1	28	1.8
North Dakota	653	618	5.7	228	2.75	3	.4	4	.6
South Dakota	690	665	3.8	242	2.74	2	.3	4	.6
WEST NORTH CENTRAL	**17,184**	**16,326**	**5.2**	**6,206**	**2.70**	**789**	**4.6**	**209**	**1.2**
Delaware	595	548	8.6	207	2.79	96	16.1	10	1.6
District of Columbia	638	757	−15.7	253	2.40	448	70.3	18	2.8
Florida	9,740	6,791	43.4	3,741	2.55	1,342	13.8	858	8.8
Georgia	5,464	4,588	19.1	1,872	2.84	1,465	26.8	61	1.1
Maryland	4,216	3,924	7.5	1,461	2.82	958	22.7	65	1.5
North Carolina	5,874	5,084	15.5	2,041	2.78	1,316	22.4	57	1.0
South Carolina	3,119	2,591	20.4	1,030	2.93	948	30.4	33	1.1
Virginia	5,346	4,651	14.9	1,863	2.78	1,008	18.9	80	1.5
West Virginia	1,949	1,744	11.8	686	2.79	65	3.3	13	.7
SOUTH ATLANTIC	**36,943**	**30,679**	**20.4**	**13,154**	**2.73**	**7,648**	**20.7**	**1,194**	**3.2**
Alabama	3,890	3,444	12.9	1,341	2.84	996	25.6	33	.9
Kentucky	3,661	3,221	13.7	1,264	2.82	259	7.1	27	.7
Mississippi	2,520	2,217	13.7	827	2.97	887	35.2	25	1.0
Tennessee	4,591	3,926	16.9	1,618	2.77	726	15.8	34	.7
EAST SOUTH CENTRAL	**14,663**	**12,808**	**14.5**	**5,050**	**2.83**	**2,868**	**19.6**	**119**	**.8**
Arkansas	2,286	1,923	18.8	816	2.74	373	16.3	18	.8
Louisiana	4,204	3,645	15.4	1,411	2.91	1,237	29.4	99	2.4
Oklahoma	3,025	2,559	18.2	1,119	2.62	205	6.8	57	1.9
Texas	14,228	11,199	27.0	4,929	2.82	1,710	12.0	2,986	21.0
WEST SOUTH CENTRAL	**23,743**	**19,326**	**22.9**	**8,274**	**2.80**	**3,525**	**14.8**	**3,160**	**13.3**
Arizona	2,718	1,775	53.1	957	2.79	75	2.8	441	16.2
Colorado	2,889	2,210	30.7	1,061	2.65	102	3.5	339	11.7
Idaho	944	713	32.4	324	2.85	3	.3	37	3.9
Montana	787	694	13.3	284	2.70	2	.2	10	1.3
Nevada	799	489	63.5	304	2.59	51	6.4	54	6.7
New Mexico	1,300	1,017	27.8	441	2.90	24	1.8	476	36.6
Utah	1,461	1,059	37.9	449	3.20	9	.6	60	4.1
Wyoming	471	332	41.6	166	2.78	3	.7	24	5.2
MOUNTAIN	**11,368**	**8,290**	**37.1**	**3,985**	**2.80**	**269**	**2.4**	**1,441**	**12.7**
Alaska	400	303	32.4	131	2.93	14	3.4	9	2.4
California	23,669	19,971	18.5	8,630	2.68	1,819	7.7	4,544	19.2
Hawaii	965	770	25.3	294	3.15	17	1.8	71	7.4
Oregon	2,633	2,092	25.9	991	2.60	37	1.4	66	2.5
Washington	4,130	3,413	21.0	1,540	2.61	106	2.6	120	2.9
PACIFIC	**31,797**	**26,548**	**19.8**	**11,586**	**2.68**	**1,993**	**6.3**	**4,811**	**15.1**
United States Total	**226,505**	**203,301**	**11.4**	**80,377**	**2.75**	**26,488**	**11.7**	**14,605**	**6.4**

** Data have been rounded and will not add exactly to U.S. total.*

*** Excludes population in group quarters.*

concentrated in certain regions. (The definition of Spanish varies from one part of the United States to another. It includes Mexican, Puerto Rican and Cubans primarily.) The Western region has the highest density of Spanish, followed closely by Texas, Florida and the New York area (including New Jersey and Connecticut).

California alone has over 31 percent of the total Spanish population of the United States; Texas has over 20 percent and New York has another 11 percent. In these areas, the numbers are large enough to represent a substantial marketing opportunity.

A trend that has recently been observed is the movement of economically mobile Blacks from the inner cities to the suburbs, following the pattern of whites who have been leaving the cities for the past 10 years in a huge migration to the suburbs, and even to more rural areas. Although this phenomenon has been most noticeable in the Northeastern states and in the industrial states of the Midwest, it gives every appearance of becoming an established pattern for the rest of the country.

The trend does not yet seem to have involved the Spanish to any large extent, primarily because their economic status inhibits mobility. But in time and given the necessary economic support and job opportunities, we can expect a gradual movement of Spanish people from the cities to the surrounding suburbs.

Since the families of Blacks and Spanish on an average, are larger than those of other population groups, we can easily accept the forecast that they will soon constitute almost 20 percent of our national population; a percentage that is both a challenge and an opportunity for the foodservice community.

Armed with accurate marketing information, the foodservice industry will be prepared to maximize the opportunities in the 1980s. These kinds of data are valuable for the local restaurant owner as well as an industry giant. They help people plan appropriate marketing strategies, such as where to enlarge facilities, open new ones, or even to close. Other considerations might relate to the use of Black and Spanish media to help to publicize regional specialties.

Definitions

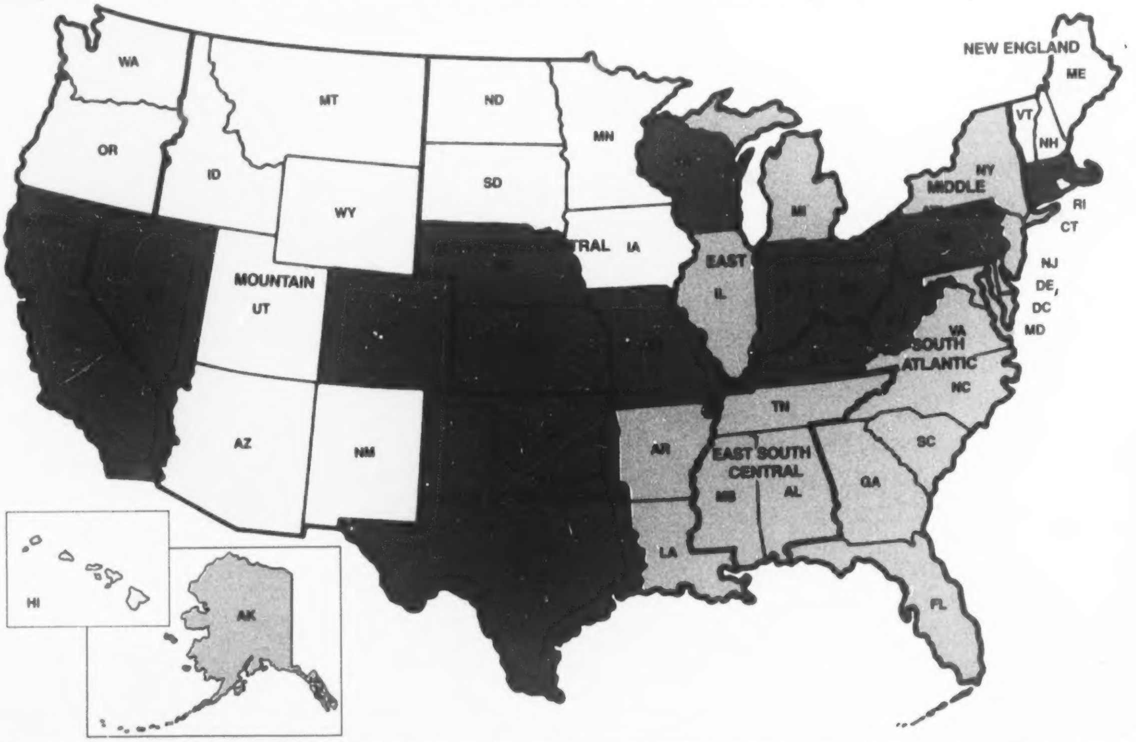
Population:

Updated from the 1980 U.S. Census of Population and Housing, it is an estimate of the number of people living in an area at the end of the year. It includes people living in colleges and hospitals, and armed forces permanently assigned to the area, but excludes tourists and transients. Large changes in group-quarters populations are not projected in these forecasts.

Demographic statistics have been estimated employing a population component procedure. That is, inde-

continued on page 182

Map 2. 1980—Black Concentration by State and Region



Key: Red equals top 17 states in percent of Black population
Blue equals middle 17 states in percent Black
Yellow equals bottom 17 states in percent Black

pendent county estimates of births, mortality, and migration are generated. These population components are aggregated and either added or subtracted from the appropriate benchmark.

Fertility rates, for example, have been projected at their current rate of change. We assume that the pattern of births will continue its slow but steady rate. Similarly, we have assumed that no major medical advancement will be found over the next few years and that the mortality rates that are in effect today will continue unmodified.

Percent of U.S. Pop.:

A market's share of the total U.S. population.

Household:

A household consists of all the people occupying a single housing unit under 1980 census rules—such as a house, an apartment, a group of rooms, or a single room. The members of a household need not be related, and a single person living alone in a housing unit is also counted as a household.

All persons who are not members of households are regarded as living in group quarters: institutions, college dormitories, military barracks, etc. Caution: Although a county's population total will include all the people in the area, the household total will not do so because it excludes those living in group quarters.

Average Household Size:

Total population divided by the number of households. Depending upon whether it is above or below the U.S. average, it is used as a rough indicator of the relative importance of family-type units or single-person units in a local area. However, the figure can be artificially high in those relatively few counties where there is a disproportionate share of college, military, other other types of institutional population. The people living in such group quarters are part of the population total, but their dwellings are not part of the household total.

Eating and Drinking Places:

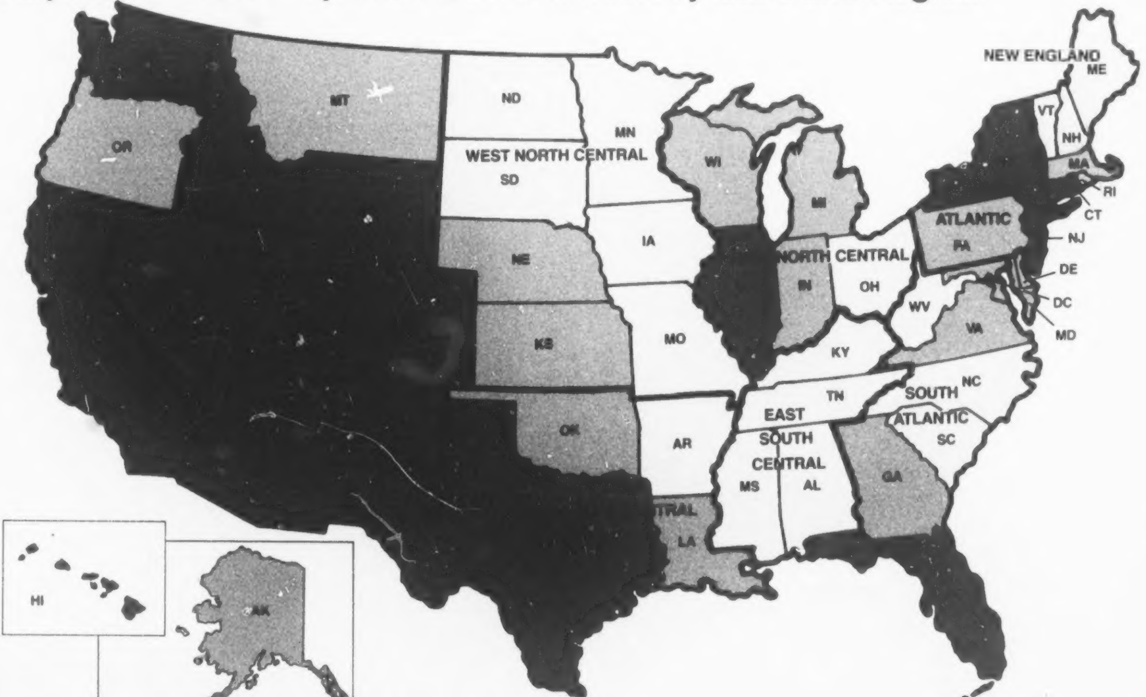
Includes establishments selling prepared foods and drinks for consumption on or near the premises or for takeout, as well as lunch counters and refreshment stands selling prepared foods and drinks for immediate consumption. Also included are caterers and inplant food contractors, as well as leased eating and/or drinking concessions in theaters, hotels, amusement parks, etc. Restaurants and lunch counters operated by department stores are classified in General Merchandise Group; those operated by hotels are classified in the Hotels Group.

Eating Places:

Includes retail sales of restaurants and lunch rooms, social caterers, cafeterias, fast food sales, contract feeding and ice cream and frozen custard stands. Excludes drinking place sales.

continued on page 184

Map 3. **1980—Spanish Concentration by State and Region**



Key: Red equals top 17 states in percent of Spanish population
Blue equals middle 17 states in percent Spanish
Yellow equals bottom 17 states in percent Spanish

Restaurants:

Establishments engaged in serving prepared food and beverages selected by the patron from a full menu. Waiter or waitress service is provided and the establishment has seating facilities for at least 15 patrons. These establishments often serve alcoholic beverages. Establishments in which sales of alcoholic beverages for consumption on the premises exceed receipts from sales of prepared foods and nonalcoholic beverages are classified as "Drinking places."

Fast Food:

Establishments primarily selling limited lines of refreshments and prepared food items. Included in this group are establishments which prepare refreshment items such as pizza, barbecued chicken, and hamburgers for consumption either on or near the premises or for "take home" consumption.

Market Share:

Represents the percent of eating places from fast food units or from restaurants. It is indicative of customer preference for these types of establishments in that area.

Restaurant Activity Index (RAI):

The percent of U.S. eating place sales divided by the percent of U.S. food store sales, expressed as an index. An index greater than 100 indicates more than average propensity to eat out rather than at home.

Restaurant Growth Index (RGI):

The weighted percent of U.S. Daytime and Nighttime pop. (DNP), divided by the percent U.S. eating place sales expressed as an index.

The underlying theory behind the RGI is that each market has a certain propensity to eating out. If the demand is met by the supply, an equilibrium exists and the index is 100. If demand exceeds supply—that is, the potential is not being met—the index will exceed 100. And, if the supply exceeds demand, you'll find that the index will fall below 100. The degree to which demand and supply differ is measured in index points.

An index of 110 indicates that one could expect a 10 percent growth in that market, once the appropriate facilities are brought into the supply stream.

However, it is important to understand that RGI is designed as an initial guide—and not the final test—in determining the growth potential of a particular market. Other indices of a market area's potential include: disposable income, number and size of households, age distribution patterns, and ethnic composition—all of which the operator should weigh against his restaurant concept in terms of service level, menu selection, and pricing strategy. *All* the preceding factors must be reviewed to determine a market's growth potential.

Daytime and Nighttime Population (DNP):

This measure includes these separate components—The Daytime population which consists of both (1) the commuting workforce, and (2) transient population, and the Nighttime population which represents (3) the residents in the market.

Television Market:

The TV markets are the American Research Bureau's Areas of Dominant Influence (ADIs). ARB studies each county for its measurable viewing patterns. The hours of viewing accorded each TV station whose signal reached the county are totalled; then each station's percentage share of total viewing hours is calculated. The market of origin of the TV stations with the largest share of viewing hours becomes the ADI name for that market, and all counties whose largest viewing share is given to stations of that same market of origin are grouped within the ADI. (For its purposes, ARB splits certain counties, treating each portion as if it were a separate county). Each county, (or portion) is allocated exclusively to a single ADI; thus overlap is eliminated. All of the area of the U.S. is covered except for Hawaii and part of Alaska.

Standard Metropolitan Statistical Area (SMSA):

Revised criteria by the U.S. Office of Federal Statistical Policy and Standards provide that an SMSA must include either (1) one city with a population of at least 50,000; or (2) one city with a population of at least 25,000, which, when combined with contiguous places having a density of 1,000 or more people per square mile, will have a population of at least 50,000 (provided that the city and contiguous places are in a county or counties with a population of at least 75,000).

Note: 35 new SMSAs have been designated by the U.S. Office of Federal Statistical Policy and Standards, since our last RGI report. (Rapid City, South Dakota, has been dropped as a SMSA.) As a result of the new SMSAs, we have dropped the concept of Potential Metropolitan Areas from this year's report.

A contiguous county is included in an SMSA if at least 75 percent of the resident labor force is nonagricultural, and at least 30 percent of the resident employed workers work in the area. A contiguous county that does not satisfy those requirements will be included if at least 75 percent of the resident labor force is nonagricultural and if it meets at least two criteria of metropolitan character and one criterion of metropolitan integration.

Minimum criteria of character: (1) 25 percent of population is urban; (2) population gain of 15 percent between two most recent decennial censuses; and (3) density of 50 persons per square mile. Minimum criteria of integration: (1) 15 percent of resident employed workers work in the area; (2) 15 percent of the county's employed workers live in the area; and (3) sum of workers commuting to and from the central county or counties is equal to 20 percent of the employed workers living in the county.

SMSAs are defined by the government along county lines except in New England, where towns and cities are the units of definition. The federal government's alternative, but unofficial, New England County Metropolitan Areas, comprised of whole counties rather than cities and towns, are used for those states.

RGI Regional Summary

REGION State	12/31/80			1980							
			Average Household Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Fast Food		Restaurant			
	Population (Thous.)	% Of U.S.				Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Connecticut	3,109.0	1.3606	2.68	1,143,274	1,039,143	342,980	33	520,152	50	103	111
Maine	1,134.3	0.4964	2.81	349,456	332,765	126,813	38	180,606	54	85	101
Massachusetts	5,741.1	2.5126	2.79	2,480,143	2,234,992	668,705	30	1,208,170	54	109	98
New Hampshire	935.5	0.4094	2.81	350,928	337,495	114,676	34	194,870	58	92	93
Rhode Island	949.6	0.4156	2.77	303,471	267,824	81,875	31	154,549	58	97	97
Vermont	516.6	0.2261	2.83	165,446	152,290	40,403	27	90,840	60	96	126
NEW ENGLAND	**12,386.1**	**5.4207**	**2.79**	**4,792,718**	**4,364,509**	**1,375,452**	**32**	**2,349,187**	**54**	**102**	**103**
New Jersey	7,380.2	3.2299	2.86	2,949,953	2,393,776	790,982	33	1,296,660	54	87	109
New York	17,526.3	7.6702	2.74	6,876,783	6,107,353	1,823,896	30	3,325,867	54	100	110
Pennsylvania	11,873.1	5.1962	2.78	3,993,498	3,331,743	1,231,720	37	1,673,400	50	88	120
MIDDLE ATLANTIC	**36,779.6**	**16.0963**	**2.78**	**13,820,234**	**11,832,872**	**3,846,598**	**32**	**6,295,927**	**53**	**94**	**113**
Illinois	11,452.7	5.0122	2.80	4,879,557	4,245,831	1,634,000	38	2,142,723	50	122	99
Indiana	5,512.9	2.4127	2.82	2,002,868	1,763,928	804,242	46	771,120	44	111	95
Michigan	9,287.9	4.0647	2.86	3,886,662	3,294,865	1,230,430	37	1,709,596	52	113	89
Ohio	10,813.3	4.7324	2.78	4,314,753	3,779,237	1,609,080	43	1,790,846	47	101	93
Wisconsin	4,734.1	2.0718	2.81	2,122,100	1,576,414	520,755	33	948,920	60	108	98
EAST NORTH CENTRAL	**41,800.9**	**18.2938**	**2.81**	**17,205,940**	**14,660,275**	**5,798,507**	**40**	**7,363,205**	**50**	**111**	**94**
Iowa	2,924.5	1.2798	2.74	1,194,375	967,487	395,662	41	499,496	52	104	98
Kansas	2,374.9	1.0394	2.68	951,547	881,678	434,642	49	367,935	42	123	88
Minnesota	4,103.6	1.7959	2.78	1,688,254	1,413,057	478,615	34	837,586	59	122	103
Missouri	4,947.9	2.1655	2.72	1,903,377	1,738,294	752,825	43	778,073	45	112	96
Nebraska	1,579.6	0.6913	2.72	696,552	550,805	211,090	38	299,198	54	120	97
North Dakota	657.1	0.2876	2.83	294,678	215,369	69,914	32	130,933	61	120	98
South Dakota	694.2	0.3038	2.81	302,931	240,478	72,445	30	152,574	63	117	88
WEST NORTH CENTRAL	**17,281.8**	**7.5633**	**2.74**	**7,031,714**	**6,007,168**	**2,415,193**	**40**	**3,065,795**	**51**	**115**	**97**
Delaware	599.4	0.2623	2.83	202,252	186,313	76,306	41	89,796	48	82	106
District of Columbia	628.5	0.2751	2.50	450,959	423,630	127,801	30	205,916	49	275	115
Florida	10,026.0	4.3878	2.58	4,343,399	4,007,283	1,429,344	36	2,165,597	54	99	92
Georgia	5,536.4	2.4230	2.89	1,763,308	1,673,360	860,846	51	623,051	37	91	98
Maryland	4,236.8	1.8542	2.85	1,601,997	1,425,534	639,334	45	587,493	41	87	98
North Carolina	5,930.6	2.5955	2.84	1,556,694	1,501,701	735,187	49	601,792	40	82	107
South Carolina	3,157.7	1.3819	2.99	849,298	810,816	402,776	50	322,275	40	79	106
Virginia	5,399.0	2.3628	2.84	1,753,848	1,709,609	742,580	43	732,313	43	88	100
West Virginia	1,967.2	0.8610	2.82	452,467	412,584	203,008	49	164,236	40	60	125
SOUTH ATLANTIC	**37,481.6**	**16.4036**	**2.78**	**12,974,222**	**12,150,830**	**5,217,182**	**43**	**5,492,469**	**45**	**90**	**100**
Alabama	3,921.9	1.7164	2.87	951,837	911,858	457,637	50	335,189	37	73	110
Kentucky	3,698.4	1.6186	2.87	1,030,048	955,956	487,212	51	379,846	40	69	103
Mississippi	2,540.2	1.1117	3.01	511,115	486,567	257,744	53	168,230	35	57	122
Tennessee	4,640.5	2.0309	2.81	1,264,324	1,197,418	547,259	46	527,913	44	78	115
EAST SOUTH ATLANTIC	**14,801.0**	**6.4776**	**2.87**	**3,757,324**	**3,551,799**	**1,749,852**	**49**	**1,411,178**	**40**	**71**	**112**
Arkansas	2,311.3	1.0116	2.78	534,776	510,967	258,576	51	204,181	40	72	116
Louisiana	4,251.2	1.8605	2.94	1,191,882	1,045,010	448,585	43	421,781	40	75	121
Oklahoma	3,059.5	1.3389	2.68	1,004,657	949,286	456,924	48	368,178	39	88	96
Texas	14,474.8	6.3348	2.86	5,630,431	5,172,580	2,362,131	46	2,105,461	41	101	89
WEST SOUTH CENTRAL	**24,096.8**	**10.5458**	**2.84**	**8,361,746**	**7,677,843**	**3,526,216**	**46**	**3,099,601**	**40**	**93**	**96**
Arizona	2,805.6	1.2278	2.81	854,933	773,299	270,696	35	398,702	52	84	118
Colorado	2,940.4	1.2869	2.69	1,130,653	1,018,674	329,786	32	570,328	56	97	107
Idaho	963.9	0.4218	2.88	280,527	239,566	95,066	40	131,770	55	76	116
Montana	795.3	0.3480	2.74	278,014	201,055	69,826	35	123,105	61	77	133
Nevada	822.0	0.3598	2.60	338,275	284,937	101,626	36	166,400	58	99	468
New Mexico	1,323.1	0.5790	2.91	406,285	358,254	149,277	42	171,233	48	85	112
Utah	1,497.1	0.6552	3.24	311,098	292,545	125,939	43	152,716	52	76	149
Wyoming	482.1	0.2210	2.81	172,770	136,198	51,365	38	80,242	59	77	144
MOUNTAIN	**11,629.5**	**5.0895**	**2.82**	**3,772,555**	**3,304,528**	**1,193,581**	**36**	**1,794,498**	**54**	**86**	**149**
Alaska	410.2	0.1795	3.00	392,886	305,853	82,701	27	115,301	38	147	40
California	23,979.8	10.4945	2.72	11,071,528	10,175,515	3,622,357	36	5,847,768	57	114	87
Hawaii	979.1	0.4285	3.25	653,305	591,368	207,932	35	331,040	56	183	97
Oregon	2,678.4	1.1722	2.63	1,377,582	1,195,662	427,122	36	694,895	58	132	75
Washington	4,192.3	1.8347	2.65	2,097,748	1,858,301	591,759	32	1,131,908	61	125	77
PACIFIC	**32,239.8**	**14.1094**	**2.72**	**15,593,049**	**14,126,699**	**4,931,871**	**35**	**8,120,912**	**57**	**119**	**84**
United States Total	**228,497.1**	**100.0000**	**2.79**	**87,309,502**	**77,676,523**	**30,054,452**	**39**	**38,992,772**	**50**	**100**	**100**

Circle No. 89 ➔

Sales by Metropolitan Area

This segment of the RGI report shows 305 Standard Metropolitan Statistical Areas, which include 35 new SMSAs. As a result, the concept of potential metropolitan areas has been dropped from this year's report.

	12/31/80			1980							
						Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
ALABAMA											
Anniston	117.8	0.0515	2.93	36,544	35,495	17,924	50	12,848	36	81	72
Birmingham	853.1	0.3733	2.76	278,362	264,856	124,535	47	103,768	39	87	105
Florence	136.2	0.0596	2.82	30,845	30,845	15,577	51	11,166	36	62	101
Gadsden	103.6	0.0453	2.77	28,574	27,294	13,786	51	9,878	36	88	89
Huntsville	310.1	0.1357	2.87	93,575	88,792	44,826	50	33,310	38	90	98
Mobile	447.8	0.1959	2.92	126,334	117,521	58,198	50	42,409	36	83	110
Montgomery	276.0	0.1209	2.91	93,635	89,893	43,333	48	29,878	33	114	99
Tuscaloosa	139.3	0.0609	2.90	40,722	39,290	19,841	50	14,222	36	99	89
Non-Metro Portion of State	1,490.5	0.6525	2.91	214,813	209,834	115,558	55	74,799	36	47	142
State Total	**3,921.9**	**1.7164**	**2.87**	**951,837**	**911,858**	**457,637**	**50**	**335,189**	**37**	**73**	**110**
ALASKA											
Anchorage	177.5	0.0777	2.83	169,240	132,242	49,645	38	60,724	46	132	43
Non-Metro Portion of State	232.7	0.1018	3.15	223,646	173,611	33,056	19	54,577	31	160	37
State Total	**410.2**	**0.1795**	**3.00**	**392,886**	**305,853**	**82,701**	**27**	**115,301**	**38**	**147**	**40**
ARIZONA											
Phoenix	1,559.8	0.6826	2.74	547,952	501,593	174,465	35	249,614	50	94	112
Tucson	549.5	0.2405	2.68	150,397	135,164	52,825	39	66,883	49	74	131
Non-Metro Portion of State	696.3	0.3047	3.09	156,584	136,542	43,406	32	82,205	60	66	126
State Total	**2,805.6**	**1.2278**	**2.81**	**854,933**	**773,299**	**270,696**	**35**	**398,702**	**52**	**84**	**118**
ARKANSAS											
Fayetteville - Springdale	182.1	0.0797	2.74	58,357	56,454	29,569	52	21,894	39	100	83
Fort Smith	206.3	0.0902	2.76	63,112	60,389	31,152	52	23,432	39	84	85
Little Rock - North Little Rock	398.6	0.1745	2.75	126,480	121,619	62,079	51	47,880	39	103	120
Pine Bluff	91.1	0.0399	2.94	21,460	20,321	10,644	52	7,882	39	78	117
Texarkana	128.2	0.0561	2.76	37,774	35,871	17,151	48	14,290	40	70	98
Non-Metro Portion of State	1,404.4	0.6146	2.78	257,358	245,575	121,234	49	100,660	41	59	127
State Total	**2,311.3**	**1.0116**	**2.78**	**534,776**	**510,967**	**258,576**	**51**	**204,181**	**40**	**72**	**116**
CALIFORNIA											
Anaheim - Santa Ana - Garden Grove	1,972.3	0.8632	2.78	1,057,155	1,001,363	359,046	36	590,618	59	129	77
Bakersfield	409.4	0.1792	2.85	158,448	145,246	55,379	38	81,265	56	86	76
Chico	147.2	0.0644	2.50	56,382	49,828	17,791	36	30,386	61	83	80
Fresno	523.7	0.2291	2.85	192,563	173,401	74,955	43	92,075	53	85	90
Los Angeles - Long Beach	7,513.0	3.2881	2.73	3,510,253	3,269,218	1,122,694	34	1,873,504	57	118	89
Modesto	271.8	0.1190	2.78	98,668	89,973	40,986	46	43,085	48	88	85

continued on page 190

Circle No. 90 →

RGI Metro Report

	12/31/80			1980							
STATE Metro Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
CALIFORNIA *continued*											
Oxnard - Simi Valley - Ventura	542.5	0.2374	3.02	186,782	173,668	72,289	42	96,286	55	86	85
Redding	118.9	0.0521	2.66	41,333	34,715	12,393	36	21,158	61	63	109
Riverside - San Bernardino - Ontario	1,593.2	0.6972	2.80	601,245	551,488	237,058	43	282,405	51	108	84
Sacramento	1,031.2	0.4514	2.60	496,098	451,409	169,163	37	250,119	55	109	76
Salinas - Seaside - Monterey	295.0	0.1291	3.01	137,947	127,877	34,845	27	85,705	67	135	87
San Diego	1,904.9	0.8337	2.75	824,693	749,660	296,786	40	419,536	56	124	90
San Francisco - Oakland	3,266.9	1.4298	2.51	1,837,494	1,655,351	516,926	31	988,113	60	128	93
San Jose	1,314.1	0.5751	2.79	624,713	576,664	220,881	38	308,998	54	117	89
Santa Barbara - Santa Maria - Lompoc	301.6	0.1320	2.70	183,182	172,249	48,821	28	115,829	67	162	69
Santa Cruz	193.4	0.0846	2.61	92,239	84,782	30,745	36	49,748	59	106	67
Santa Rosa	307.5	0.1345	2.59	133,985	118,855	39,568	33	70,435	59	90	78
Stockton	352.3	0.1542	2.76	134,010	118,820	46,507	39	64,829	55	92	84
Vallejo - Fairfield - Napa	341.5	0.1495	2.83	130,840	117,941	42,310	36	70,919	60	102	78
Visalia - Tulare - Porterville	250.8	0.1098	3.03	58,877	52,516	18,753	36	32,007	61	58	106
Yuba City	103.3	0.0451	2.78	32,370	27,515	9,828	36	16,771	61	72	92
Non-Metro Portion of State	1,225.3	0.5360	2.74	482,251	432,976	154,633	36	263,977	61	89	83
State Total	**23,979.8**	**10.4945**	**2.72**	**11,071,528**	**10,175,515**	**3,622,357**	**36**	**5,847,768**	**57**	**114**	**87**
COLORADO											
Colorado Springs	323.3	0.1414	2.83	93,682	86,212	40,583	47	40,002	46	91	131
Denver - Boulder	1,648.6	0.7215	2.62	689,374	621,122	197,852	32	337,801	54	101	107
Fort Collins	153.9	0.0673	2.73	55,963	52,909	17,422	33	29,422	56	104	87
Greeley	126.0	0.0552	2.86	29,706	25,821	8,503	33	14,357	56	83	122
Pueblo	126.3	0.0553	2.76	37,516	31,479	10,366	33	17,505	56	72	125
Non-Metro Portion of State	562.3	0.2462	2.75	224,412	201,131	55,060	27	131,241	65	94	98
State Total	**2,940.4**	**1.2869**	**2.69**	**1,130,653**	**1,018,674**	**329,786**	**32**	**570,328**	**56**	**97**	**107**
CONNECTICUT											
Bridgeport - Stamford - Norwalk - Danbury	807.2	0.3532	2.85	287,914	262,499	70,900	27	149,934	57	97	113
Hartford - New Britain - Bristol	1,051.1	0.4601	2.79	426,283	390,628	135,463	35	172,029	44	112	112
New Haven - West Haven - Waterbury - Meriden	761.4	0.3333	2.77	284,624	260,780	94,678	36	130,721	50	105	105
New London - Norwich	239.0	0.1045	2.88	76,189	65,176	22,226	34	35,655	55	94	112
Non-Metro Portion of State	250.3	0.1095	2.81	68,264	60,060	19,713	33	31,813	53	80	120
State Total	**3,109.0**	**1.3606**	**2.81**	**1,143,274**	**1,039,143**	**342,980**	**33**	**520,152**	**50**	**103**	**111**
DELAWARE											
Wilmington	526.3	0.2303	2.86	170,420	154,152	63,516	41	75,727	49	88	114
Non-Metro Portion of State	199.1	0.0871	2.85	71,153	65,760	24,033	37	34,772	53	75	76
State Total	**599.4**	**0.2623**	**2.83**	**202,252**	**186,313**	**76,306**	**41**	**89,796**	**48**	**82**	**106**
DISTRICT OF COLUMBIA											
Washington	3,071.3	1.3440	2.72	1,440,704	1,380,784	510,729	37	633,912	46	121	105
Non-Metro Portion of State	0.0	0.0000	0.00	0	0	0	0	0	0	0	0
State Total	**628.5**	**0.2751**	**2.50**	**450,959**	**423,630**	**127,801**	**30**	**205,916**	**49**	**275**	**115**
FLORIDA											
Bradenton	152.3	0.0666	2.38	72,896	66,899	24,066	36	35,946	54	98	67
Daytona Beach	265.4	0.1161	2.43	144,495	131,239	45,329	35	71,397	54	134	86

continued on page 192

	12/31/80			1980							
						Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
FLORIDA *continued*											
Fort Lauderdale - Hollywood	1,042.8	0.4564	2.42	626,443	580,067	166,851	29	366,048	63	125	72
Fort Myers - Cape Coral	212.7	0.0931	2.46	91,359	85,565	30,782	36	45,976	54	83	87
Fort Walton Beach	111.6	0.0488	2.88	45,875	43,608	17,626	40	23,928	55	123	80
Gainesville	155.0	0.0678	2.73	74,561	70,244	25,269	36	37,743	54	122	60
Jacksonville	746.9	0.3268	2.76	263,183	246,712	123,423	50	100,108	41	92	106
Lakeland - Winter Haven	328.0	0.1436	2.78	115,473	108,691	48,743	45	47,518	44	84	85
Melbourne - Titusville - Cocoa	276.1	0.1208	2.63	119,964	108,979	43,443	40	55,762	51	111	83
Miami	1,719.2	0.7524	2.70	745,573	693,301	207,593	30	387,548	56	110	110
Ocala	126.5	0.0554	2.66	44,399	41,403	16,705	40	22,719	55	79	80
Orlando	719.4	0.3148	2.74	339,097	320,790	135,667	42	152,921	48	105	110
Panama City	99.3	0.0435	2.77	54,522	49,782	17,909	36	26,748	54	158	73
Pensacola	293.3	0.1283	2.87	96,512	83,490	41,570	50	31,664	38	84	94
Sarasota	208.3	0.0912	2.26	133,771	125,844	34,111	27	77,151	61	131	63
Tallahassee	163.5	0.0716	2.72	69,468	65,433	23,540	36	35,160	54	105	79
Tampa - St. Petersburg	1,605.0	0.7023	2.44	687,245	628,945	235,773	37	316,258	50	88	89
West Palm Beach - Boca Raton	589.6	0.2581	2.43	282,519	253,613	68,686	27	164,710	65	95	92
Non-Metro Portion of State	1,211.1	0.5302	2.63	336,044	302,678	122,258	40	166,292	55	64	105
State Total	**10,026.0**	**4.3878**	**2.59**	**4,343,399**	**4,007,283**	**1,429,344**	**36**	**2,165,597**	**54**	**99**	**92**
GEORGIA											
Albany	114.1	0.0499	3.03	30,403	29,329	14,956	51	11,114	38	93	109
Athens	131.8	0.0577	2.82	45,774	43,802	25,071	57	15,328	35	112	74
Atlanta	2,064.2	0.9034	2.79	911,301	865,584	420,877	49	326,125	38	122	95
Augusta	332.0	0.1453	2.97	100,844	93,301	44,285	47	41,321	44	90	89
Columbus	239.2	0.1047	3.02	73,648	68,417	34,976	51	25,639	37	104	88
Macon	256.9	0.1125	2.91	83,335	78,930	40,428	51	29,727	38	91	93
Savannah	232.9	0.1019	2.84	87,970	80,175	41,043	51	30,187	38	107	93
Non-Metro Portion of State	2,212.5	0.9683	2.96	443,317	426,269	244,381	57	148,906	35	58	112
State Total	**5,536.4**	**2.4230**	**2.89**	**1,763,308**	**1,673,360**	**860,846**	**51**	**623,051**	**37**	**91**	**98**
HAWAII											
Honolulu	772.1	0.3379	3.28	535,818	479,126	176,745	37	256,503	54	211	87
Non-Metro Portion of State	207.0	0.0906	3.14	117,487	112,242	31,187	28	74,537	66	118	140
State Total	**979.1**	**0.4285**	**3.25**	**653,305**	**591,368**	**207,932**	**35**	**331,040**	**56**	**183**	**97**
IDAHO											
Boise	178.1	0.0779	2.71	86,837	79,449	31,365	39	43,232	54	114	80
Non-Metro Portion of State	785.8	0.3439	2.93	193,690	160,117	63,701	40	88,538	55	65	134
State Total	**963.9**	**0.4218**	**2.89**	**280,527**	**239,566**	**95,066**	**40**	**131,770**	**55**	**76**	**116**
ILLINOIS											
Bloomington - Normal	120.4	0.0526	2.83	57,477	50,448	19,633	39	25,215	50	133	95
Champaign - Urbana - Rantoul	168.8	0.0739	2.84	95,958	84,912	33,048	39	42,440	50	162	65
Chicago	7,118.1	3.1152	2.83	3,238,332	2,893,192	1,040,410	36	1,500,696	52	136	99
Davenport - Rock Island - Moline	386.1	0.1690	2.75	193,085	158,343	67,223	42	76,054	48	129	84
Decatur	131.9	0.0578	2.70	54,867	44,115	17,171	39	22,049	50	92	106
Kankakee	103.7	0.0454	2.91	45,179	39,491	15,370	39	19,738	50	135	81
Peoria	368.1	0.1611	2.77	164,093	138,545	63,328	46	63,515	46	112	97
Rockford	280.1	0.1225	2.79	115,969	101,688	35,291	35	57,551	57	117	93
Springfield	189.3	0.0829	2.57	86,114	73,109	28,464	39	36,555	50	104	112
Non-Metro Portion of State	2,183.3	0.9556	2.72	710,172	574,781	260,258	45	267,122	46	89	104
State Total	**11,452.7**	**5.0122**	**2.80**	**4,879,557**	**4,245,831**	**1,634,000**	**38**	**2,142,723**	**50**	**122**	**99**

continued on page 194

	12/31/80		1980								
			Average	Eating &	Eating	Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Household Size	Drinking Place Sales ($000)	Place Sales ($000)	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
INDIANA											
Anderson	139.3	0.0609	2.76	53,239	45,941	21,510	47	19,566	43	110	86
Bloomington	99.2	0.0434	2.87	37,337	33,982	15,909	47	14,472	43	129	81
Elkhart	138.2	0.0604	2.83	62,766	54,578	24,081	44	24,788	45	116	80
Evansville	311.7	0.1365	2.69	128,671	109,361	52,379	48	44,272	40	124	97
Fort Wayne	384.8	0.1684	2.82	179,999	160,366	60,801	38	88,457	55	149	83
Gary - Hammond - East Chicago	643.9	0.2818	2.97	263,075	231,040	104,891	45	107,501	47	107	83
Indianapolis	1,171.4	0.5125	2.76	457,219	421,321	208,246	49	155,502	37	118	100
Kokomo	103.9	0.0455	2.76	43,231	38,105	17,841	47	16,231	43	119	78
Lafayette - West Lafayette	122.2	0.0534	2.95	53,672	48,907	22,898	47	20,832	43	150	81
Muncie	128.4	0.0562	2.85	49,423	43,725	20,469	47	18,622	43	119	83
South Bend	280.7	0.1228	2.78	121,116	105,719	42,247	40	51,806	49	134	93
Terre Haute	176.8	0.0773	2.72	62,205	51,942	24,321	47	22,124	43	114	93
Non-Metro Portion of State	1,667.6	0.7302	2.84	439,365	375,573	165,761	44	170,301	45	85	111
State Total	**5,512.9**	**2.4127**	**2.82**	**2,002,868**	**1,763,928**	**804,242**	**46**	**771,120**	**44**	**111**	**95**
IOWA											
Cedar Rapids	170.4	0.0746	2.71	85,815	70,631	28,473	40	35,957	51	122	90
Davenport - Rock Island - Moline	386.1	0.1690	2.75	193,085	158,343	67,223	42	76,054	48	129	84
Des Moines	340.4	0.1489	2.65	177,586	153,024	63,403	41	69,091	45	111	105
Dubuque	94.1	0.0412	3.08	45,875	36,908	14,877	40	18,790	51	122	95
Iowa City	82.5	0.0361	2.67	44,842	37,187	15,139	41	20,123	54	139	71
Sioux City	117.8	0.0514	2.75	53,913	42,939	17,253	40	21,982	51	98	103
Waterloo - Cedar Falls	138.6	0.0606	2.83	64,318	51,507	20,765	40	26,221	51	110	90
Non-Metro Portion of State	1,749.3	0.7656	2.73	599,464	474,410	193,265	41	256,919	54	92	103
State Total	**2,924.5**	**1.2798**	**2.74**	**1,194,375**	**967,487**	**395,662**	**41**	**499,496**	**52**	**104**	**98**
KANSAS											
Lawrence	68.4	0.0299	2.80	26,341	23,161	11,575	50	9,512	41	131	78
Topeka	186.1	0.0815	2.63	77,000	70,841	35,403	50	29,091	41	115	100
Wichita	413.5	0.1809	2.64	233,211	218,825	111,285	51	83,148	38	170	73
Non-Metro Portion of State	1,261.3	0.5521	2.68	398,630	361,431	168,951	47	169,002	47	97	100
State Total	**2,374.9**	**1.0394**	**2.68**	**951,547**	**881,678**	**434,642**	**49**	**367,935**	**42**	**123**	**88**
KENTUCKY											
Clarksville - Hopkinsville	153.0	0.0669	3.17	39,867	36,839	17,698	48	15,534	42	90	88
Huntington - Ashland	313.3	0.1370	2.78	78,182	71,848	41,401	58	23,715	33	66	117
Lexington-Fayette	322.2	0.1412	2.76	134,066	126,822	65,969	52	46,254	36	94	88
Louisville	909.1	0.3979	2.76	396,130	355,825	180,866	51	133,736	38	103	91
Owensboro	86.5	0.0379	2.81	31,464	27,935	14,370	51	10,964	39	83	92
Non-Metro Portion of State	2,059.4	0.9011	2.92	377,231	361,499	191,370	53	147,684	41	50	121
State Total	**3,698.4**	**1.6186**	**2.87**	**1,030,048**	**955,956**	**487,212**	**51**	**379,846**	**40**	**69**	**103**
LOUISIANA											
Alexandria	153.6	0.0672	2.98	28,523	26,388	11,620	44	10,506	40	64	148
Baton Rouge	503.5	0.2204	2.97	140,970	124,712	63,661	51	50,690	41	72	125
Lafayette	153.1	0.0670	2.93	58,091	51,372	22,608	44	20,430	40	94	98
Lake Charles	168.9	0.0740	2.93	53,011	48,019	21,133	44	19,096	40	68	102
Monroe	140.9	0.0617	2.91	38,033	34,620	15,233	44	13,768	40	79	122
New Orleans	1,199.0	0.5247	2.80	473,103	410,236	163,133	40	188,823	46	93	121
Shreveport	379.6	0.1661	2.80	112,978	103,825	48,810	47	38,652	37	96	111
Non-Metro Portion of State	1,552.6	0.6794	3.09	287,173	245,838	102,387	42	79,816	32	54	127
State Total	**4,251.2**	**1.8605**	**2.94**	**1,191,882**	**1,045,010**	**448,585**	**43**	**421,781**	**40**	**75**	**121**

continued on page 195

Circle No. 93 →

RGI Metro Report

	12/31/80			1980							
						Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
MAINE											
Bangor	137.9	0.0604	2.95	39,436	37,057	14,120	38	20,109	54	74	111
Lewiston - Auburn	100.2	0.0438	2.80	32,817	30,847	11,752	38	16,739	54	95	90
Portland	246.5	0.1079	2.72	88,635	85,347	32,533	38	46,331	54	87	106
Non-Metro Portion of State	507.5	0.2221	2.83	133,171	126,124	48,066	38	68,454	54	75	109
State Total	**1,134.3**	**0.4964**	**2.81**	**349,456**	**332,765**	**126,813**	**38**	**180,606**	**54**	**85**	**101**
MARYLAND											
Baltimore	2,180.6	0.9543	2.84	847,013	720,148	325,592	45	277,832	39	86	100
Cumberland	107.7	0.0471	2.74	31,059	27,965	12,144	43	13,310	48	81	92
Hagerstown	113.6	0.0497	2.80	33,800	28,257	12,119	43	13,560	48	69	114
Non-Metro Portion of State	478.9	0.2096	2.90	165,437	150,350	64,466	43	72,167	48	87	87
State Total	**4,236.8**	**1.8542**	**2.85**	**1,601,997**	**1,425,534**	**639,334**	**45**	**587,493**	**41**	**87**	**98**
MASSACHUSETTS											
Boston - Lowell - Brockton - Lawrence - Haverhill	3,658.5	1.6011	2.79	1,657,696	1,503,399	439,225	29	817,049	54	122	101
New Bedford - Fall River	477.3	0.2088	2.82	173,717	154,525	61,394	40	74,526	48	95	84
Pittsfield	144.5	0.0633	2.74	51,829	43,060	15,712	36	22,684	53	67	132
Springfield - Chicopee - Holyoke	581.9	0.2547	2.85	207,752	178,798	55,165	31	88,718	50	71	111
Worcester - Fitchburg - Leominster	647.5	0.2834	2.84	206,537	184,847	57,823	31	91,774	50	81	113
Non-Metro Portion of State	231.4	0.1013	2.52	182,612	170,363	39,386	23	113,419	67	158	55
State Total	**5,741.1**	**2.5126**	**2.79**	**2,480,143**	**2,234,992**	**668,705**	**30**	**1,208,170**	**54**	**109**	**98**
MICHIGAN											
Ann Arbor	267.4	0.1170	2.81	133,940	122,372	46,379	38	63,040	52	226	78
Battle Creek	187.9	0.0822	2.78	70,444	61,231	23,210	38	31,545	52	143	92
Bay City	120.0	0.0526	2.86	46,968	35,654	13,516	38	18,366	52	93	96
Benton Harbor	171.7	0.0752	2.81	67,728	56,706	20,411	36	33,076	58	92	85
Detroit	4,345.0	1.9016	2.85	1,969,436	1,709,742	640,105	37	852,109	50	109	89
Flint	522.6	0.2287	2.89	206,496	171,872	68,856	40	81,732	48	103	89
Grand Rapids	607.1	0.2656	2.88	266,098	232,969	71,678	31	141,301	61	188	83
Jackson	152.0	0.0666	2.94	46,800	39,935	15,136	38	20,573	52	137	108
Kalamazoo - Portage	281.2	0.1230	2.80	113,919	99,211	39,406	40	52,255	53	140	88
Lansing - East Lansing	472.4	0.2066	2.91	192,034	161,607	71,448	44	74,750	46	129	88
Muskegon - Norton Shores - Muskegon Heights	179.8	0.0787	2.86	60,466	51,121	19,380	38	26,334	52	119	88
Saginaw	228.7	0.1001	2.96	122,001	102,664	38,914	38	52,892	52	134	70
Non-Metro Portion of State	1,616.3	0.7074	2.87	560,563	425,034	153,082	36	248,148	58	87	94
State Total	**9,287.9**	**4.0647**	**2.86**	**3,886,662**	**3,294,865**	**1,230,430**	**37**	**1,709,596**	**52**	**113**	**89**
MINNESOTA											
Duluth - Superior	267.2	0.1169	2.69	106,183	80,767	28,325	35	48,059	60	98	107
Fargo - Moorhead	139.0	0.0608	2.77	91,262	71,945	24,317	34	43,101	60	165	76
Minneapolis - St. Paul	2,127.6	0.9311	2.73	1,010,199	868,185	308,579	36	495,467	57	137	102
Rochester	92.7	0.0406	2.78	45,784	40,796	13,859	34	24,172	59	134	141
St. Cloud	165.9	0.0726	3.27	55,484	43,190	14,673	34	25,593	59	141	97
Non-Metro Portion of State	1,455.1	0.6369	2.83	461,473	369,843	110,051	30	238,094	64	99	104
State Total	**4,103.6**	**1.7959**	**2.78**	**1,688,254**	**1,413,057**	**478,615**	**34**	**837,586**	**59**	**122**	**103**
MISSISSIPPI											
Biloxi - Gulfport	194.2	0.0850	2.99	62,434	56,857	30,641	54	19,618	35	87	104
Jackson	325.2	0.1423	2.94	120,072	116,122	55,469	48	33,194	29	102	100

continued on page 196

STATE Metro Name	12/31/80			1980							
						Fast Food		Restaurant			
	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
MISSISSIPPI *continued*											
Pascagoula - Moss Point	120.2	0.0526	3.11	25,660	23,567	12,702	54	8,131	35	56	141
Non-Metro Portion of State	1,844.9	0.8075	3.02	296,916	283,988	155,809	55	105,039	37	47	132
State Total	**2,540.2**	**1.1117**	**3.01**	**511,115**	**486,567**	**257,744**	**53**	**168,230**	**35**	**57**	**122**
MISSOURI											
Columbia	102.7	0.0449	2.81	53,841	51,392	22,148	43	23,199	45	173	72
Joplin	128.7	0.0563	2.62	48,022	44,585	19,587	44	22,093	50	115	75
Kansas City	1,332.5	0.5833	2.66	664,756	622,822	283,527	46	261,169	42	146	87
St. Joseph	102.3	0.0448	2.68	39,706	34,893	15,039	43	15,751	45	110	92
St. Louis	2,358.1	1.0318	2.78	1,012,043	895,251	400,540	45	381,352	43	110	97
Springfield	210.9	0.0924	2.67	96,575	90,708	42,839	47	36,159	40	140	78
Non-Metro Portion of State	1,722.9	0.7540	2.73	410,348	366,017	161,260	44	182,261	50	78	111
State Total	**4,947.9**	**2.1655**	**2.72**	**1,903,377**	**1,738,294**	**752,825**	**43**	**778,073**	**45**	**112**	**96**
MONTANA											
Billings	110.4	0.0483	2.67	47,488	38,624	13,496	35	23,416	61	83	117
Great Falls	80.6	0.0353	2.71	32,141	23,199	8,107	35	14,066	61	86	130
Non-Metro Portion of State	604.3	0.2644	2.76	198,385	139,232	48,223	35	85,623	61	74	137
State Total	**795.3**	**0.3480**	**2.74**	**278,014**	**201,055**	**69,826**	**35**	**123,105**	**61**	**77**	**133**
NEBRASKA											
Lincoln	195.1	0.0854	2.65	110,463	95,650	37,548	39	50,891	53	153	78
Omaha	573.4	0.2510	2.77	290,689	235,442	91,503	39	123,292	52	136	98
Non-Metro Portion of State	880.8	0.3855	2.70	330,724	247,847	93,643	38	140,487	57	101	100
State Total	**1,579.6**	**0.6913**	**2.72**	**696,552**	**550,805**	**211,090**	**38**	**299,198**	**54**	**120**	**97**
NEVADA											
Las Vegas	475.7	0.2082	2.63	200,842	165,632	58,911	36	96,581	58	93	542
Reno	199.0	0.0870	2.48	92,562	82,927	29,632	36	48,479	58	115	285
Non-Metro Portion of State	147.3	0.0646	2.67	44,871	36,378	13,083	36	21,340	59	98	544
State Total	**822.0**	**0.3598**	**2.60**	**338,275**	**284,937**	**101,626**	**36**	**166,400**	**58**	**99**	**468**
NEW HAMPSHIRE											
Manchester - Nashua	280.8	0.1228	2.86	100,447	95,031	32,636	34	53,751	57	98	100
Portsmouth - Dover - Rochester	423.3	0.1852	2.84	174,345	168,541	59,304	35	95,993	57	104	71
Non-Metro Portion of State	373.6	0.1636	2.75	131,533	127,313	43,078	34	74,099	58	85	109
State Total	**935.5**	**0.4094**	**2.81**	**350,928**	**337,495**	**114,676**	**34**	**194,870**	**58**	**92**	**93**
NEW JERSEY											
Atlantic City	195.4	0.0855	2.69	116,924	93,805	31,651	34	56,748	60	117	202
Jersey City	555.0	0.2429	2.66	151,609	105,917	36,775	35	53,366	50	62	155
Long Branch - Asbury Park	506.1	0.2215	2.93	223,375	184,682	59,618	32	108,474	59	96	86
Newark	1,958.7	0.8572	2.88	749,873	609,507	185,243	30	320,196	53	83	118
New Brunswick - Perth Amboy - Sayreville	595.8	0.2608	2.99	225,927	173,681	74,341	43	75,770	44	82	108
Paterson - Clifton - Passaic	446.1	0.1953	2.90	168,709	138,271	41,801	30	74,737	54	110	101
Trenton	307.9	0.1347	2.89	120,133	92,001	30,350	33	48,161	52	78	138
Vineland - Millville - Bridgeton	133.5	0.0584	2.98	44,625	34,561	11,494	33	18,638	54	53	107
Non-Metro Portion of State	648.3	0.2836	2.77	297,013	238,063	68,885	29	153,012	64	81	86
State Total	**7,380.2**	**3.2299**	**2.86**	**2,949,953**	**2,393,776**	**790,982**	**33**	**1,296,660**	**54**	**87**	**109**

continued on page 198

RGI Metro Report

	12/31/80			1980							
						Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
NEW MEXICO											
Albuquerque	464.2	0.2031	2.77	170,465	153,474	62,792	41	69,512	45	111	108
Las Cruces	98.3	0.0430	3.12	26,275	21,907	9,151	42	10,888	50	86	107
Non-Metro Portion of State	760.5	0.3329	2.97	209,545	182,873	77,334	42	90,833	50	72	115
State Total	**1,323.1**	**0.5790**	**2.91**	**406,285**	**358,254**	**149,277**	**42**	**171,233**	**48**	**85**	**112**
NEW YORK											
Albany - Schenectady - Troy	796.0	0.3483	2.74	347,488	299,827	92,270	31	163,379	54	99	92
Binghamton	300.9	0.1318	2.80	106,536	89,380	30,387	34	49,130	55	86	92
Buffalo	1,233.3	0.5398	2.76	573,278	475,611	162,040	34	249,475	52	91	85
Elmira	97.4	0.0426	2.80	31,183	25,922	7,729	30	14,118	54	71	112
Glens Falls	110.1	0.0482	2.91	51,848	46,233	14,714	32	26,280	57	92	78
Nassau - Suffolk	2,611.5	1.1430	3.19	1,009,609	932,178	288,479	31	478,300	51	93	91
Newburgh - Middletown	262.8	0.1150	3.06	86,052	75,625	22,712	30	44,171	58	61	92
New York	9,078.0	3.9727	2.59	3,625,117	3,286,718	932,002	28	1,823,258	55	114	124
Poughkeepsie	247.0	0.1081	3.01	78,584	69,444	20,708	30	37,817	54	64	99
Rochester	972.0	0.4254	2.81	381,479	334,055	105,605	32	181,354	54	90	100
Syracuse	642.4	0.2812	2.84	277,131	239,071	72,354	30	124,563	52	86	95
Utica - Rome	318.6	0.1395	2.84	127,122	105,831	40,448	38	49,142	46	87	86
Non-Metro Portion of State	1,736.6	0.7599	2.89	596,929	491,651	156,473	32	279,434	57	80	107
State Total	**17,526.3**	**7.6702**	**2.74**	**6,876,783**	**6,107,353**	**1,823,896**	**30**	**3,325,867**	**54**	**100**	**110**
NORTH CAROLINA											
Asheville	178.9	0.0784	2.66	57,938	54,685	26,854	49	21,967	40	93	107
Burlington	99.1	0.0434	2.72	28,094	27,409	13,457	49	11,010	40	81	103
Charlotte - Gastonia	642.8	0.2814	2.78	221,856	214,449	104,450	49	84,377	39	92	108
Fayetteville	250.4	0.1096	3.26	64,918	59,039	28,993	49	23,717	40	98	94
Greensboro - Winston-Salem - High Point	834.2	0.3649	2.74	282,720	274,307	121,621	44	101,342	37	105	97
Hickory	131.5	0.0575	2.80	43,271	42,198	22,162	53	17,130	41	100	84
Jacksonville	113.8	0.0498	3.67	27,432	23,886	12,545	53	9,816	41	135	74
Raleigh - Durham	538.8	0.2358	2.77	202,599	196,761	86,767	44	82,315	42	109	101
Salisbury - Concord	186.6	0.0816	2.75	42,294	40,251	21,134	53	16,538	41	74	109
Wilmington	141.5	0.0619	2.75	50,187	48,215	23,675	49	19,368	40	91	85
Non-Metro Portion of State	2,801.6	1.2262	2.88	534,450	519,625	273,056	53	213,866	41	62	121
State Total	**5,930.6**	**2.5955**	**2.84**	**1,556,694**	**1,501,701**	**735,187**	**49**	**601,792**	**40**	**82**	**107**
NORTH DAKOTA											
Bismarck	81.6	0.0358	2.82	41,575	34,036	10,715	31	20,708	61	121	95
Fargo - Moorhead	139.0	0.0608	2.77	91,262	71,945	24,317	34	43,101	60	165	76
Grand Forks	101.4	0.0444	2.91	50,370	37,112	12,539	34	22,243	60	141	88
Non-Metro Portion of State	419.3	0.1834	2.84	152,137	100,675	31,989	32	61,831	61	94	117
State Total	**657.1**	**0.2876**	**2.83**	**294,678**	**215,369**	**69,914**	**32**	**130,933**	**61**	**120**	**98**
OHIO											
Akron	658.8	0.2882	2.79	292,934	259,295	109,015	42	133,949	52	100	82
Canton	405.2	0.1773	2.81	168,959	147,568	60,751	41	74,316	50	92	83
Cincinnati	1,403.3	0.6141	2.78	654,237	584,004	249,852	43	265,128	45	112	86
Cleveland	1,888.7	0.8265	2.70	832,389	726,206	268,246	37	376,176	52	103	100
Columbus	1,099.3	0.4812	2.72	530,454	476,202	218,436	46	214,467	45	131	86
Dayton	828.7	0.3627	2.73	343,394	309,142	144,462	47	135,069	44	115	90
Hamilton - Middletown	261.2	0.1143	2.91	87,340	73,464	45,016	61	23,578	32	78	99
Lima	219.0	0.0958	2.89	79,163	71,767	30,760	43	33,796	47	109	87
Lorain - Elyria	276.3	0.1210	2.99	77,712	61,750	28,081	45	27,716	45	70	126
Mansfield	131.2	0.0574	2.79	48,064	41,706	17,874	43	19,639	47	97	93
Newark	121.9	0.0534	2.83	37,236	32,388	13,930	43	15,281	47	92	103

continued on page 200

	12/31/80			1980							
						Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
OHIO *continued*											
Parkersburg - Marietta	164.2	0.0719	2.79	52,068	47,091	21,530	46	20,475	43	73	103
Springfield	183.5	0.0803	2.79	52,116	46,890	20,096	43	22,076	47	76	116
Steubenville - Weirton	162.6	0.0711	2.80	44,345	35,194	15,830	45	15,619	44	63	135
Toledo	794.7	0.3477	2.82	343,855	300,750	117,156	39	149,563	50	110	87
Youngstown - Warren	530.7	0.2322	2.81	191,761	162,653	72,597	45	75,448	46	87	100
Non-Metro Portion of State	2,146.2	0.9395	2.88	624,030	531,787	228,713	43	250,976	47	80	100
State Total	**10,813.3**	**4.7324**	**2.79**	**4,314,753**	**3,779,237**	**1,609,080**	**43**	**1,790,846**	**47**	**101**	**93**
OKLAHOMA											
Enid	63.4	0.0278	2.61	27,743	26,601	12,688	48	10,865	41	114	74
Lawton	112.9	0.0494	3.17	29,876	27,438	13,187	48	10,674	39	89	93
Oklahoma City	843.7	0.3693	2.65	392,480	369,038	182,344	49	134,570	36	116	84
Tulsa	699.6	0.3061	2.65	238,832	227,547	106,093	47	87,158	38	89	107
Non-Metro Portion of State	1,267.3	0.5546	2.69	303,963	287,487	137,238	48	120,566	42	67	105
State Total	**3,059.5**	**1.3389**	**2.68**	**1,004,657**	**949,286**	**456,924**	**48**	**368,178**	**39**	**88**	**96**
OREGON											
Eugene - Springfield	279.9	0.1225	2.62	128,679	113,392	48,138	42	56,390	50	113	81
Medford	135.4	0.0593	2.68	59,117	51,209	17,850	35	31,479	61	100	78
Portland	1,262.8	0.5527	2.58	714,042	616,102	217,501	35	352,327	57	163	79
Salem	255.3	0.1118	2.73	114,435	100,772	36,058	36	58,235	58	151	71
Non-Metro Portion of State	942.5	0.4124	2.70	436,283	377,210	131,566	35	231,966	61	104	71
State Total	**2,678.4**	**1.1722**	**2.63**	**1,377,582**	**1,195,662**	**427,122**	**36**	**694,895**	**58**	**132**	**75**
PENNSYLVANIA											
Allentown - Bethlehem - Easton	640.0	0.2803	2.73	225,911	197,262	77,748	39	89,056	45	83	101
Altoona	136.7	0.0598	2.76	46,059	39,657	14,738	37	19,863	50	79	98
Erie	281.0	0.1230	2.86	88,973	72,062	31,886	44	34,141	47	107	126
Harrisburg	448.7	0.1963	2.71	191,634	163,420	69,910	43	76,903	47	92	109
Johnstown	264.8	0.1159	2.65	68,391	52,998	26,693	50	21,268	40	65	149
Lancaster	365.5	0.1600	2.90	118,600	105,040	39,762	38	59,002	56	91	114
Northeast Pennsylvania	641.8	0.2808	2.73	207,703	175,618	62,281	35	86,586	49	84	123
Philadelphia	4,709.8	2.0613	2.85	1,767,731	1,475,352	522,162	35	747,064	51	101	118
Pittsburgh	2,253.5	0.9863	2.70	835,387	679,575	229,362	34	357,139	53	94	118
Reading	314.1	0.1375	2.71	117,110	102,035	38,355	33	56,196	55	105	102
Sharon	128.3	0.0561	2.84	40,353	33,161	12,883	39	17,106	52	81	110
State College	113.6	0.0497	3.08	40,697	38,508	14,956	39	19,860	52	85	78
Williamsport	118.9	0.0521	2.78	29,829	23,177	8,615	37	11,608	50	55	156
York	385.1	0.1686	2.80	119,535	103,098	45,006	44	47,291	46	79	109
Non-Metro Portion of State	2,159.4	0.9448	2.83	512,447	413,909	160,820	39	213,484	52	66	132
State Total	**11,873.1**	**5.1962**	**2.78**	**3,993,498**	**3,331,743**	**1,231,720**	**37**	**1,673,400**	**50**	**88**	**120**
RHODE ISLAND											
Providence - Warwick - Pawtucket	867.8	0.3798	2.76	265,773	236,592	73,062	31	135,331	57	92	121
Non-Metro Portion of State	81.8	0.0358	2.85	37,698	31,232	8,813	28	19,218	62	154	84
State Total	**949.6**	**0.4156**	**2.77**	**303,471**	**267,824**	**81,875**	**31**	**154,549**	**58**	**97**	**117**
SOUTH CAROLINA											
Anderson	135.3	0.0592	2.81	31,598	30,198	14,537	48	13,079	43	58	107
Charleston - North Charleston	436.8	0.1914	3.08	130,248	123,190	61,855	50	42,864	35	93	92
Columbia	414.7	0.1816	3.02	135,654	128,745	64,214	50	47,732	37	95	102
Florence	111.7	0.0489	3.05	25,643	25,140	12,106	48	10,893	43	69	137

continued on page 202

	12/31/80			1980							
						Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
SOUTH CAROLINA *continued*											
Greenville - Spartanburg	575.4	0.2518	2.85	196,519	188,767	98,582	52	71,232	38	91	89
Rock Hill	108.4	0.0474	3.03	36,848	34,932	16,820	48	15,125	43	96	76
Non-Metro Portion of State	1,268.6	0.5548	3.05	274,320	262,308	126,341	48	113,585	43	68	124
State Total	**3,157.7**	**1.3819**	**2.99**	**849,298**	**810,816**	**402,776**	**50**	**322,275**	**40**	**79**	**106**
SOUTH DAKOTA											
Sioux Falls	110.6	0.0484	2.69	68,129	58,369	19,267	33	35,661	61	165	81
Non-Metro Portion of State	583.6	0.2554	2.84	234,802	182,109	53,178	29	116,913	64	108	91
State Total	**694.2**	**0.3038**	**2.81**	**302,931**	**240,478**	**72,445**	**30**	**152,574**	**63**	**117**	**88**
TENNESSEE											
Chattanooga	430.4	0.1886	2.80	120,820	115,084	54,036	47	52,521	46	81	115
Clarksville - Hopkinsville	153.0	0.0669	3.17	39,867	36,839	17,698	48	15,534	42	90	88
Johnson City - Kingsport - Bristol	437.7	0.1915	2.78	108,816	105,124	59,083	56	31,692	30	72	100
Knoxville	481.5	0.2108	2.70	142,979	133,860	69,281	52	50,976	38	83	123
Memphis	919.5	0.4024	2.89	269,691	253,766	114,883	45	105,738	42	77	126
Nashville-Davidson	862.2	0.3775	2.79	326,423	311,892	123,352	40	153,830	49	102	103
Non-Metro Portion of State	1,727.2	0.7555	2.83	319,334	301,505	141,611	47	139,509	46	57	126
State Total	**4,640.5**	**2.0309**	**2.81**	**1,264,324**	**1,197,418**	**547,259**	**46**	**527,913**	**44**	**78**	**115**
TEXAS											
Abilene	140.7	0.0615	2.82	46,840	44,919	20,685	46	18,080	40	94	97
Amarillo	176.3	0.0772	2.66	111,580	100,351	46,209	46	40,386	40	125	66
Austin	550.8	0.2410	2.70	275,681	247,079	109,806	44	105,485	43	129	76
Beaumont - Port Arthur - Orange	378.1	0.1655	2.82	150,684	139,545	67,576	48	52,753	38	96	85
Brownsville - Harlingen - San Benito	215.3	0.0942	3.56	62,313	56,862	26,186	46	22,887	40	79	88
Bryan - College Station	96.2	0.0421	2.83	38,988	36,427	16,775	46	14,661	40	184	69
Corpus Christi	329.5	0.1443	3.09	106,933	93,449	40,040	43	41,739	45	74	103
Dallas - Fort Worth	3,023.5	1.3232	2.74	1,444,918	1,355,850	602,124	44	523,014	39	146	85
El Paso	489.4	0.2142	3.38	168,024	139,246	57,093	41	62,617	45	99	89
Galveston - Texas City	198.3	0.0867	2.80	79,525	72,174	33,237	46	29,049	40	76	88
Houston	2,977.3	1.3030	2.80	1,408,738	1,291,750	596,471	46	530,972	41	108	89
Killeen - Temple	219.2	0.0959	3.20	57,879	54,689	25,186	46	22,012	40	105	89
Laredo	101.4	0.0444	3.81	30,337	27,750	12,779	46	11,169	40	68	81
Longview - Marshall	154.4	0.0676	2.79	61,109	58,157	26,786	46	23,410	40	83	79
Lubbock	214.3	0.0938	2.88	105,147	97,229	44,774	46	39,135	40	118	74
McAllen - Pharr - Edinburg	291.8	0.1277	3.70	64,736	56,269	31,421	56	16,983	30	57	89
Midland	84.2	0.0369	2.75	32,057	29,689	13,673	46	11,950	40	78	110
Odessa	117.5	0.0514	2.81	74,594	67,871	31,256	46	27,318	40	114	57
San Angelo	85.9	0.0376	2.76	37,330	33,233	15,303	46	13,376	40	95	78
San Antonio	1,086.7	0.4757	3.04	407,301	366,817	155,482	42	155,927	43	104	92
Sherman - Denison	90.3	0.0396	2.62	25,927	25,542	11,762	46	10,282	40	79	105
Texarkana	128.2	0.0561	2.76	37,774	35,871	17,151	48	14,290	40	70	98
Tyler	130.9	0.0573	2.76	49,160	47,850	22,035	46	19,259	40	90	87
Victoria	70.1	0.0307	2.96	32,080	27,464	13,520	49	11,916	43	99	74
Waco	172.8	0.0756	2.75	69,471	63,111	29,064	46	25,402	40	105	93
Wichita Falls	130.9	0.0572	2.77	50,748	46,400	21,368	46	18,676	40	96	84
Non-Metro Portion of State	2,873.1	1.2573	2.83	612,094	567,002	279,616	49	246,598	43	57	114
State Total	**14,474.8**	**6.3348**	**2.86**	**5,630,431**	**5,172,580**	**2,362,131**	**46**	**2,105,461**	**41**	**101**	**89**

continued on page 204

RGI Metro Report

	12/31/80			1980							
						Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
UTAH											
Provo - Orem	225.8	0.0988	3.73	32,381	30,943	13,606	44	15,861	51	65	191
Salt Lake City - Ogden	956.5	0.4188	3.12	211,070	197,601	91,319	46	96,239	49	77	154
Non-Metro Portion of State	314.8	0.1376	3.30	67,647	64,001	21,014	33	40,618	63	82	112
State Total	**1,497.1**	**0.6552**	**3.24**	**311,098**	**292,545**	**125,939**	**43**	**152,718**	**52**	**76**	**149**
VERMONT											
Burlington	116.7	0.0511	2.95	48,225	44,208	11,725	27	26,364	60	127	105
Non-Metro Portion of State	399.9	0.1750	2.80	117.221	108,082	28,678	27	64,476	60	87	135
State Total	**516.6**	**0.2261**	**2.83**	**165,446**	**152,290**	**40,403**	**27**	**90,840**	**60**	**96**	**126**
VIRGINIA											
Charlottesville	115.2	0.0503	2.79	36,547	36,343	17,506	48	14,544	40	83	98
Danville	112.2	0.0491	2.78	24,966	24,397	11,722	48	9,739	40	57	117
Lynchburg	154.6	0.0676	2.91	39,466	38,865	17,457	45	16,325	42	64	113
Newport News - Hampton	367.1	0.1607	2.90	155,510	152,386	57,091	37	74,246	49	124	81
Norfolk - Virginia Beach - Portsmouth	813.7	0.3562	3.00	287,791	273,362	144,393	53	104,627	38	105	91
Petersburg - Colonial Heights - Hopewell	129.7	0.0567	3.04	30,074	28,633	12,885	45	12,025	42	68	106
Richmond	638.4	0.2793	2.75	262,806	256,082	114,974	45	103,721	41	105	97
Roanoke	225.7	0.0990	2.66	85,568	83,483	37,492	45	35,033	42	90	97
Non-Metro Portion of State	1,642.3	0.7189	2.91	329,272	323,093	155,474	48	129,137	40	57	117
State Total	**5,399.0**	**2.3628**	**2.84**	**1,753,848**	**1,709,609**	**742,580**	**43**	**732,313**	**43**	**88**	**100**
WASHINGTON											
Bellingham	108.7	0.0476	2.66	63,184	61,528	19,793	32	38,982	63	191	55
Bremerton	150.3	0.0657	2.77	49,295	43,176	13,894	32	27,356	63	82	99
Olympia	128.2	0.0561	2.65	52,620	47,244	15,199	32	29,935	63	101	87
Richland - Kennewick - Pasco	149.1	0.0653	2.80	74,204	64,697	20,994	32	39,171	61	94	85
Seattle - Everett	1,621.6	0.7097	2.57	1,066,845	967,204	285,296	29	594,787	61	152	66
Spokane	346.6	0.1517	2.63	149,808	132,141	51,865	39	73,228	55	116	97
Tacoma	493.4	0.2159	2.75	178,876	153,377	55,931	36	87,940	57	111	92
Yakima	175.0	0.0766	2.79	67,409	58,340	18,933	32	35,320	61	103	86
Non-Metro Portion of State	821.9	0.3596	2.67	320,533	267,571	85,863	32	169,687	63	94	88
State Total	**4,192.3**	**1.8347**	**2.65**	**2,097,748**	**1,858,301**	**591,759**	**32**	**1,131,908**	**61**	**125**	**77**
WEST VIRGINIA											
Charleston	270.8	0.1185	2.68	94,822	89,726	42,635	48	36,925	41	87	102
Huntington - Ashland	313.3	0.1370	2.78	78,182	71,848	41,401	58	23,715	33	66	117
Parkersburg - Marietta	164.2	0.0719	2.79	52,068	47,091	21,530	46	20,475	43	73	103
Steubenville - Weirton	162.6	0.0711	2.80	44,345	35,194	15,830	45	15,619	44	63	135
Wheeling	185.8	0.0814	2.72	74,095	62,182	28,282	45	27,203	44	93	89
Non-Metro Portion of State	1,241.5	0.5435	2.87	214,554	196,342	95,774	49	78,954	40	47	146
State Total	**1,967.2**	**0.8610**	**2.82**	**452,467**	**412,584**	**203,008**	**49**	**164,236**	**40**	**60**	**125**
WISCONSIN											
Appleton - Oshkosh	292.8	0.1282	2.89	120,192	89,840	31,879	35	52,720	59	103	103
Duluth - Superior	267.2	0.1169	2.69	106,183	80,767	28,325	35	48,059	60	98	107
Eau Claire	131.9	0.0578	2.89	67,571	46,945	15,675	33	28,070	60	147	81
Green Bay	176.7	0.0773	2.88	81,567	62,338	20,812	33	37,272	60	115	95
Janesville - Beloit	140.0	0.0613	2.81	57,789	44,946	13,175	29	29,261	65	92	94
Kenosha	123.5	0.0541	2.83	47,952	33,738	11,263	33	20,173	60	102	115

continued on page 206

	12/31/80			1980							
STATE Metro Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
WISCONSIN *continued*											
La Crosse	91.9	0.0403	2.81	59,235	46,208	15,426	33	27,629	60	172	69
Madison	326.4	0.1428	2.64	197,917	160,483	62,744	39	88,601	55	175	83
Milwaukee	1,399.4	0.6125	2.76	692,562	551,692	188,049	34	316,978	57	110	98
Racine	173.5	0.0760	2.88	65,504	50,848	16,977	33	30,402	60	89	106
Sheboygan	101.7	0.0445	2.82	34,915	24,339	7,136	29	15,846	65	71	123
Wausau	112.5	0.0492	2.91	37,363	25,942	7,606	29	16,893	65	77	132
Non-Metro Portion of State	1,574.7	0.6888	2.86	627,998	420,972	123,495	29	274,326	65	97	102
State Total	**4,734.1**	**2.0718**	**2.81**	**2,122,100**	**1,576,414**	**520,755**	**33**	**948,920**	**60**	**108**	**98**
WYOMING											
Casper	73.6	0.0322	2.76	31,959	25,373	9,557	38	14,930	59	70	121
Non-Metro Portion of State	408.5	0.1788	2.82	140,811	110,825	41,808	38	65,312	59	79	149
State Total	**482.1**	**0.2110**	**2.81**	**172,770**	**136,198**	**51,365**	**38**	**80,242**	**59**	**77**	**144**
United States Total	**228 497.1**	**100.0000**	**2.79**	**87,309,502**	**77,676,523**	**30,054,452**	**39**	**38,992,772**	**50**	**100**	**100**

Sales by Area of Dominant Influence (ADI)

This ninth installment of the ADI Report shows 212 areas of dominant influence for a TV signal. Each area includes major cities and nearby counties.

	12/31/80			1980							
ADI Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
Abilene - Sweetwater	304.1	0.1332	2.72	87,518	83,979	39,798	47	35,099	42	78	103
Albany, Ga.	328.0	0.1435	3.01	62,457	60,197	32,721	54	21,855	36	61	126
Albany - Schenectady - Troy	1,276.1	0.5585	2.76	516,405	443,967	139,469	31	243,910	55	89	97
Albuquerque	1,014.2	0.4436	2.93	324,579	289,426	116,201	40	141,413	49	93	108
Alexandria, La.	250.4	0.1095	3.07	38,138	32,472	14,129	44	12,481	38	49	166
Alexandria, Minn.	226.1	0.0992	2.82	76,570	58,091	17,369	30	37,417	64	102	101
Alpena	42.3	0.0184	2.78	17,141	12,674	4,563	36	7,364	58	78	79
Amarillo	490.9	0.2148	2.74	193,125	176,542	82,147	47	74,724	42	95	84
Anchorage	222.5	0.0974	2.86	192,170	147,124	52,482	36	65,408	44	118	47
Anniston	117.8	0.0515	2.93	36,544	35,495	17,924	50	12,848	36	81	72
Ardmore - Ada	185.1	0.0811	2.67	39,377	37,276	17,802	48	15,380	41	58	115
Atlanta	3,002.6	1.3143	2.82	1,133,684	1,081,539	544,571	50	401,403	37	106	95
Augusta	557.5	0.2441	3.00	120,611	112,611	54,915	49	48,677	43	66	108
Austin, Tex.	602.1	0.2634	2.68	273,393	244,962	109,229	45	106,272	43	117	80
Bakersfield	409.4	0.1792	2.85	158,448	145,246	55,379	38	81,265	56	86	76

continued on page 208

ADI Report

ADI Name	12/31/80			1980							
						Fast Food		Restaurant			
	Population (Thous.)	% Of U.S.	Average House-hold Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Baltimore	2,433.3	1.0651	2.84	926,987	793,229	352,396	44	316,973	40	86	99
Bangor	340.5	0.1490	2.85	90,162	86,377	32,917	38	46,886	54	71	109
Baton Rouge	725.2	0.3176	3.06	182,200	159,261	78,342	49	62,029	39	68	126
Beaumont - Port Arthur	448.1	0.1961	2.81	160,182	148,678	72,220	49	56,729	38	86	89
Bend	65.1	0.0285	2.68	32,265	29,024	10,121	35	17,843	61	94	74
Billing - Hardin	207.3	0.0907	2.73	73,636	56,815	20,031	35	34,496	61	78	130
Biloxi - Gulfport - Pascagoula	169.1	0.0740	2.99	59,727	54,820	29,545	54	18,915	35	97	99
Binghamton	422.8	0.1851	2.82	128,228	105,731	35,954	34	58,159	55	73	108
Birmingham	1,335.8	0.5845	2.80	352,452	337,165	163,247	48	129,692	38	75	110
Bluefield - Beckley - Oak Hill	418.8	0.1834	2.88	76,007	71,274	34,726	49	28,539	40	43	146
Boise	392.0	0.1716	2.81	137,705	121,838	47,620	39	67,533	55	87	92
Boston	5,261.8	2.3028	2.79	2,313,259	2,116,691	622,174	29	1,172,560	55	114	97
Bowling Green	114.9	0.0503	2.84	33,988	30,829	16,391	53	12,503	41	65	100
Bristol - Kingsport - Johnson City	807.7	0.3533	2.85	163,480	158,509	85,360	54	53,949	34	61	113
Buffalo	1,724.2	0.7548	2.79	731,212	603,581	203,478	34	321,575	53	90	88
Burlington - Plattsburgh	601.8	0.2634	2.90	196,554	174,154	48,917	28	102,369	59	91	118
Casper - Riverton	149.0	0.0652	2.84	56,534	41,974	15,841	38	24,749	59	66	133
Cedar Rapids - Waterloo	883.8	0.3868	2.83	371,825	293,081	116,667	40	155,762	53	113	93
Charleston, S.C.	550.5	0.2411	3.10	153,312	144,872	72,291	50	52,250	36	89	95
Charleston - Huntington	1,491.3	0.6524	2.88	322,548	292,368	144,595	49	118,848	41	56	122
Charlotte	1,693.9	0.7411	2.83	456,877	440,189	220,693	50	178,168	40	80	108
Chattanooga	784.3	0.3435	2.84	190,405	181,643	88,524	49	79,566	44	68	115
Cheyenne	131.9	0.0577	2.69	45,385	39,757	14,811	37	23,066	58	91	121
Chicago	8,467.1	3.7056	2.84	3,781,552	3,352,254	1,241,406	37	1,719,484	51	131	98
Chico - Redding	339.6	0.1487	2.59	118,403	103,029	36,793	36	62,825	61	74	93
Cincinnati	1,973.0	0.8633	2.81	804,174	709,630	318,826	45	312,467	44	100	90
Clarksburg - Weston	211.1	0.0924	2.81	43,170	40,439	19,743	49	16,307	40	61	122
Cleveland	3,883.8	1.6997	2.77	1,592,215	1,385,978	548,632	40	701,946	51	98	95
Colorado Springs - Pueblo	552.6	0.2418	2.80	154,624	138,585	56,854	41	70,865	51	80	129
Columbia, S.C.	736.8	0.3227	3.07	192,363	183,362	90,528	49	71,271	39	81	109
Columbia - Jefferson City	345.3	0.1511	2.78	116,683	107,225	46,708	44	50,990	48	110	95
Columbus, Ga.	544.8	0.2386	2.97	130,442	123,711	66,054	53	45,199	37	80	103
Columbus - Tupelo	410.7	0.1798	2.96	73,210	69,200	38,017	55	25,600	37	51	127
Columbus, Ohio	1,592.4	0.6970	2.76	673,906	601,000	272,112	45	273,239	45	119	88
Corpus Christi	476.7	0.2086	3.10	145,139	128,603	57,181	44	57,030	44	68	99
Dallas - Ft. Worth	3,646.7	1.5959	2.72	1,573,343	1,477,518	661,009	45	575,070	39	129	88
Davenport - Rock Island - Moline	887.0	0.3883	2.76	376,821	300,910	128,726	43	147,039	49	114	93
Dayton	1,308.1	0.5726	2.77	492,883	442,732	202,106	46	197,576	45	106	93
Denver	2,284.8	1.0002	2.66	946,448	847,052	267,121	32	475,577	56	100	106
Des Moines	962.7	0.4213	2.68	388,144	323,988	132,908	41	161,686	50	99	103
Detroit	4,748.2	2.0780	2.86	2,133,145	1,856,861	695,393	37	928,624	50	113	89
Dothan	215.2	0.0941	2.90	41,163	40,454	22,278	55	14,434	36	60	113
Duluth - Superior	472.7	0.2071	2.72	180,480	135,201	44,749	33	82,933	61	95	109
El Centro - Yuma	186.6	0.0816	3.13	52,484	45,736	15,510	34	27,731	61	72	96
El Paso	609.7	0.2668	3.32	198,532	164,708	67,893	41	75,285	46	95	94
Elmira	237.7	0.1040	2.82	74,087	59,732	18,997	32	32,950	55	76	113
Erie	418.0	0.1829	2.85	126,047	100,831	43,066	43	48,984	49	100	129
Eugene	440.1	0.1926	2.66	204,474	176,900	70,279	40	95,425	54	109	78
Eureka	144.5	0.0633	2.57	63,093	54,689	19,469	36	33,379	61	87	89
Evansville	662.9	0.2904	2.75	212,152	181,533	87,636	48	74,823	41	89	110

continued on page 210

ADI Report

ADI Name	12/31/80			1980							
						Fast Food		Restaurant			
	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Fargo	590.1	0.2579	2.82	253,386	192,318	62,634	33	117,324	61	124	94
Farmington	83.4	0.0365	3.20	20,529	16,617	6,962	42	8,257	50	50	123
Flint - Saginaw - Bay City	1,281.8	0.5610	2.92	494,084	399,339	153,389	38	205,102	51	99	88
Florence, S.C.	305.2	0.1334	3.11	52,120	51,094	24,799	49	22,084	43	52	144
Ft. Myers - Naples	382.7	0.1676	2.46	158,518	145,983	55,117	38	79,196	54	82	89
Ft. Smith	332.3	0.1452	2.76	102,025	97,537	50,488	52	37,923	39	90	84
Ft. Wayne	619.6	0.2714	2.83	242,305	212,895	83,843	39	112,526	53	124	89
Fresno	1,062.5	0.4649	2.93	336,543	302,888	121,187	40	171,023	56	78	93
Gainesville	189.2	0.0828	2.74	79,026	74,440	26,990	36	40,079	54	106	64
Grand Junction	136.3	0.0597	2.74	40,796	38,326	10,570	28	24,925	65	81	99
Grand Rapids - Kalamazoo - Battle Creek	1,609.5	0.7040	2.87	606,305	518,529	180,944	35	293,488	57	140	87
Great Falls	180.3	0.0790	2.76	58,933	41,179	14,391	35	25,236	61	74	145
Green Bay	985.1	0.4310	2.86	408,333	295,768	96,820	33	181,581	61	105	96
Greensboro - Winston-Salem - High Point	1,232.6	0.5395	2.75	360,892	351,065	160,967	46	132,744	38	92	102
Greenville - New Bern - Washington	613.5	0.2686	3.03	133,532	125,545	65,994	53	51,643	41	72	100
Greenville - Spartanburg - Asheville	1,534.9	0.6713	2.81	399,965	384,247	196,865	51	151,707	39	73	105
Greenwood - Greenville	220.2	0.0964	3.23	31,656	30,503	16,691	55	11,221	37	41	141
Harrisburg - York - Lancaster - Lebanon	1,260.1	0.5514	2.79	437,746	376,339	158,513	42	184,695	49	84	113
Harrisonburg	133.9	0.0585	2.91	28,907	27,253	13,123	48	10,896	40	58	121
Hartford - New Haven	2,209.0	0.9668	2.80	828,206	752,070	264,014	35	357,201	47	106	111
Helena	43.9	0.0193	2.64	19,576	14,447	4,959	34	8,849	61	80	122
Houston	3,488.5	1.5266	2.80	1,580,564	1,446,145	670,224	46	595,443	41	103	89
Huntsville - Decatur - Florence	677.4	0.2965	2.85	156,842	151,943	77,850	51	56,331	37	72	111
Idaho Falls - Pocatello	287.7	0.1257	3.13	67,265	57,757	22,892	40	32,070	56	61	145
Indianapolis	2,219.3	0.9710	2.78	800,082	720,845	344,771	48	286,837	40	112	97
Jackson, Miss.	808.3	0.3537	2.99	181,199	174,161	87,464	50	54,777	31	64	120
Jackson, Tenn.	119.6	0.0523	2.76	30,767	28,742	13,469	47	13,273	46	64	108
Jacksonville	1,017.6	0.4453	2.80	333,829	312,420	157,065	50	127,660	41	85	108
Johnstown - Altoona	799.1	0.3496	2.86	224,688	188,180	78,547	42	90,413	48	73	117
Jonesboro	179.5	0.0786	2.72	36,185	35,018	17,320	49	14,398	41	63	117
Joplin - Pittsburg	442.7	0.1936	2.61	138,727	131,163	60,965	46	60,687	46	103	88
Kansas City	1,869.4	0.8184	2.69	791,355	733,823	334,567	46	313,379	43	131	92
Knoxville	1,096.7	0.4797	2.81	268,587	256,457	128,565	50	106,027	41	69	118
La Crosse - Eau Claire	445.9	0.1953	2.85	196,350	137,368	44,138	32	84,400	61	123	91
Lafayette, Ind.	122.2	0.0534	2.95	53,672	48,907	22,898	47	20,832	43	150	81
Lafayette, La.	535.8	0.2347	3.03	120,352	103,049	44,164	43	37,065	36	63	122
Lake Charles	208.5	0.0913	2.95	58,525	51,992	22,765	44	20,394	39	63	112
Lansing	614.6	0.2690	2.89	235,486	200,774	85,616	43	95,896	48	137	91
Laredo	108.2	0.0474	3.77	31,553	28,966	13,393	46	11,710	40	69	80
Las Vegas	488.9	0.2140	2.63	205,459	169,714	60,427	36	98,967	58	94	534
Laurel - Hattiesburg	241.8	0.1056	2.93	60,059	57,455	31,475	55	21,181	37	75	90
Lexington	816.6	0.3578	2.88	232,449	223,931	117,357	52	85,947	38	73	94
Lima	112.4	0.0491	2.84	47,835	43,943	18,833	43	20,693	47	123	82
Lincoln - Hastings - Kearney	661.9	0.2896	2.67	280,829	222,610	86,388	39	121,931	55	121	95
Little Rock	1,219.4	0.5340	2.78	284,145	272,278	137,066	50	109,197	40	76	123
Los Angeles	10,957.6	4.7956	2.76	5,087,728	4,744,575	1,704,299	36	2,696,865	57	118	86
Louisville	1,475.2	0.6458	2.84	511,285	461,140	233,083	51	178,515	39	90	98
Lubbock	402.2	0.1761	2.92	141,513	132,782	62,331	47	54,702	41	92	85

continued on page 212

ADI Report

	12/31/80			1980		Fast Food		Restaurant			
ADI Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Macon	423.4	0.1851	2.94	105,948	101,228	53,281	53	37,579	37	73	104
Madison	510.9	0.2234	2.69	275,942	213,283	78,254	37	123,049	58	146	85
Mankato	104.3	0.0454	2.77	47,873	38,035	11,733	31	24,044	63	104	85
Marquette	151.4	0.0662	2.88	58,003	40,846	14,615	36	23,881	58	86	90
McAllen - Brownsville	552.8	0.2419	3.66	131,521	117,151	59,584	51	41,611	36	64	91
Medford	312.5	0.1368	2.67	127,642	110,729	38,688	35	68,018	61	90	79
Memphis	1,667.0	0.7296	2.93	371,979	348,318	162,444	47	144,866	42	63	133
Meridian	158.8	0.0695	2.92	33,686	32,387	17,781	55	11,836	37	57	116
Miami	2,826.0	1.2368	2.58	1,417,974	1,312,637	390,292	30	775,146	59	117	93
Miles City - Glendive	30.6	0.0132	2.71	12,153	8,891	3,091	35	5,479	62	84	132
Milwaukee	1,888.8	0.8268	2.79	885,503	695,970	232,427	33	408,201	59	106	100
Minneapolis - St. Paul	3,028.1	1.3252	2.79	1,300,637	1,089,086	375,841	35	635,807	58	129	102
Minot - Bismarck - Dickinson	377.5	0.1656	2.88	141,517	96,990	30,835	32	59,876	62	94	119
Missoula - Butte	308.6	0.1349	2.73	109,545	79,167	27,429	35	48,352	61	84	126
Mobile - Pensacola	1,120.2	0.4899	2.94	309,384	282,047	137,731	49	111,115	39	78	107
Monroe - El Dorado	524.3	0.2294	2.91	84,972	77,098	34,103	44	28,968	38	53	153
Montgomery	481.5	0.2111	2.92	118,524	114,064	56,683	50	38,515	34	79	114
Nashville	1,819.7	0.7967	2.82	496,531	472,484	201,108	43	225,115	48	77	111
New Orleans	1,682.5	0.7362	2.89	602,893	524,726	211,772	40	226,197	43	85	115
New York	18,033.2	7.8919	2.76	6,980,744	6,147,573	1,823,588	30	3,347,844	54	99	115
Norfolk - Portsmouth - Newport News - Hampton	1,426.1	0.6243	2.95	498,704	479,537	228,960	48	200,814	42	101	89
North Platte	42.1	0.0183	2.72	19,648	17,272	6,443	37	9,730	56	125	82
Odessa - Midland	342.9	0.1500	2.85	149,606	136,763	64,410	47	56,364	41	90	80
Oklahoma City	1,406.0	0.6154	2.66	540,751	510,426	249,809	49	193,781	38	100	88
Omaha	920.8	0.4032	2.75	399,999	318,897	124,452	39	169,545	53	118	101
Orlando - Daytona Beach	1,531.3	0.6700	2.64	682,483	633,459	253,679	40	319,845	50	103	99
Ottumwa - Kirksville	82.4	0.0361	2.68	19,912	16,572	7,211	44	8,497	51	74	120
Paducah - Cape Girardeau - Harrisburg	862.1	0.3771	2.68	233,485	208,944	97,830	47	96,530	46	75	103
Palm Springs	681.5	0.2982	2.71	280,274	262,391	90,797	35	152,794	58	106	83
Panama City	222.5	0.0974	2.79	72,405	66,430	24,717	37	36,055	54	89	86
Parkersburg	94.3	0.0413	2.74	30,709	28,582	13,577	48	11,762	41	76	104
Peoria	606.0	0.2650	2.77	257,171	215,482	94,994	44	101,112	47	110	99
Philadelphia	6,810.9	2.9807	2.83	2,643,635	2,219,472	793,455	36	1,140,562	51	98	117
Phoenix	1,976.5	0.8649	2.79	652,794	594,599	204,033	34	305,607	51	88	112
Pittsburgh	3,403.6	1.4894	2.75	1,105,422	897,186	319,291	36	463,359	52	82	121
Portland, Ore.	2,087.6	0.9138	2.62	1,082,964	937,536	329,739	35	546,866	58	147	77
Portland - Poland Spring	883.5	0.3866	2.75	313,079	298,781	110,846	37	164,916	55	93	99
Presque Isle	91.1	0.0399	3.07	18,666	17,237	6,570	38	9,353	54	63	125
Providence - New Bedford	1,528.9	0.6691	2.78	513,874	455,838	154,645	34	246,789	54	96	104
Quincy - Hannibal	349.9	0.1531	2.70	98,717	77,949	34,580	44	37,842	49	81	122
Raleigh - Durham	1,574.9	0.6895	2.90	421,507	406,779	194,785	48	168,021	41	86	107
Rapid City	252.2	0.1105	2.88	124,218	100,925	31,877	32	63,068	62	115	77
Reno	330.8	0.1446	2.56	132,512	115,480	41,269	36	67,777	59	109	352
Richmond	1,205.0	0.5272	2.82	392,453	382,294	174,831	46	154,769	40	88	101
Roanoke - Lynchburg	996.6	0.4366	2.83	247,560	243,163	113,051	46	99,638	41	67	111
Rochester, N.Y.	933.5	0.4085	2.80	375,645	329,259	104,037	32	178,770	54	92	99
Rochester - Mason City - Austin	375.0	0.1640	2.71	140,716	118,429	41,920	35	69,524	59	110	118
Rockford	516.3	0.2259	2.78	200,138	169,368	58,699	35	97,379	57	104	97
Roswell	156.2	0.0685	2.85	40,784	36,184	15,231	42	17,800	49	69	130
Sacramento - Stockton	2,261.3	0.9897	2.68	976,645	882,645	336,243	38	492,873	56	101	79

continued on page 214

ADI Report

ADI Name	12/31/80			1980							
						Fast Food		Restaurant			
	Population (Thous.)	% Of U.S.	Average House-hold Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
St. Joseph	127.9	0.0559	2.66	46,461	40,532	17,510	43	18,641	46	100	97
St. Louis	2,862.2	1.2525	2.78	1,145,930	1,007,143	450,771	45	434,336	43	105	99
Salinas - Monterey	513.9	0.2248	2.85	234,391	216,200	66,854	31	137,658	64	118	80
Salisbury	215.3	0.0942	2.74	104,391	94,900	38,755	41	47,066	50	90	73
Salt Lake City	1,628.3	0.7126	3.21	354,076	328,179	139,395	42	173,622	53	76	155
San Angelo	95.5	0.0419	2.76	41,111	35,397	16,407	46	14,358	41	92	79
San Antonio	1,486.5	0.6508	3.04	493,768	444,229	193,695	44	187,879	42	93	95
San Diego	1,904.9	0.8337	2.75	824,693	749,660	296,786	40	419,536	56	124	90
San Francisco	5,095.1	2.2298	2.59	2,680,658	2,424,802	803,830	33	1,412,325	58	120	91
Santa Barbara - Santa Maria San Luis Obispo	461.0	0.2017	2.68	265,992	250,450	76,786	31	163,479	65	150	68
Sarasota	208.3	0.0912	2.26	133,771	125,844	34,111	27	77,151	61	131	63
Savannah	574.1	0.2509	3.01	158,879	145.347	76,201	52	55,094	38	83	112
Seattle - Tacoma	2,862.9	1.2529	2.62	1,572,357	1,411,039	434,638	31	866,765	61	135	71
Selma	78.8	0.0345	3.04	11,659	11,234	6,181	55	4,000	36	40	147
Shreveport - Texarkana	1,198.3	0.5245	2.79	295,478	276,386	130,017	47	108,190	39	72	111
Sioux City	421.5	0.1844	2.76	164,602	125,517	49,669	40	67,708	54	97	101
Sioux Falls - Mitchell	580.7	0.2538	2.76	230,822	183,826	56,685	31	115,947	63	114	96
South Bend - Elkhart	782.0	0.3422	2.82	300,108	255,597	103,113	40	128,218	50	110	92
Spokane	873.9	0.3823	2.70	313,967	258,740	96,296	37	149,447	58	89	103
Springfield, Mass.	646.7	0.2830	2.82	229,523	197,527	62,013	31	98,689	50	74	111
Springfield, Mo.	746.4	0.3268	2.70	214,861	199,809	92,251	46	88,705	44	95	93
Springfield - Decatur - Champaign	853.1	0.3735	2.70	366,866	307,801	126,548	41	150,069	49	109	95
Syracuse	932.5	0.4081	2.86	368,284	318,079	97,530	31	169,462	53	83	97
Tallahassee	448.1	0.1962	2.90	125,600	119,743	52,170	44	56,886	48	76	94
Tampa - St. Petersburg	2,277.1	0.9964	2.49	914,596	840,025	322,915	38	419,220	50	85	88
Terre Haute	437.9	0.1916	2.69	119,539	100,168	45,949	46	44,385	44	85	112
Toledo	1,134.0	0.4963	2.83	462,831	403,437	161,249	40	199,008	49	105	87
Topeka	383.6	0.1678	2.74	150,561	132,419	64,066	48	57,991	44	125	92
Traverse City - Cadillac	403.5	0.1768	2.78	185,537	142,168	51,234	36	83,094	58	99	86
Tucson	691.4	0.3026	2.76	175,600	156,279	59,782	38	79,426	51	70	136
Tulsa	1,112.1	0.4867	2.66	350,084	332,230	155,915	47	131,610	40	83	103
Tuscaloosa	139.3	0.0609	2.90	40,722	39,290	19,841	50	14,222	36	99	89
Twin Falls	82.7	0.0364	2.77	25,333	22,833	9,068	40	12,642	55	95	139
Tyler	257.5	0.1126	2.83	70,316	68,533	32,094	47	28,241	41	69	104
Utica	377.9	0.1655	2.85	151,984	126,658	47,075	37	60,978	48	88	84
Victoria	70.1	0.0307	2.96	32,080	27,464	13,520	49	11,916	43	99	74
Waco - Temple	599.3	0.2622	2.90	185,831	172,433	80,173	46	69,986	41	105	90
Washington, D.C.	4,015.7	1.7569	2.76	1,695,954	1,614,705	615,527	38	738,844	46	112	105
Watertown - Carthage	227.5	0.0995	3.01	72,970	56,281	17,988	32	31,978	57	71	106
Wausau - Rhinelander	430.6	0.1883	2.88	160,593	110,015	32,264	29	71,662	65	84	115
West Palm Beach	835.0	0.3656	2.47	369,570	331,989	100,364	30	207,740	63	89	92
Wheeling - Steubenville	465.4	0.2038	2.79	145,177	116,956	52,145	45	52,543	45	75	108
Wichita - Hutchinson	1,077.3	0.4717	2.64	464,958	429,700	209,480	49	182,339	42	124	85
Wichita Falls - Lawton	439.8	0.1925	2.79	118,393	109,936	52,119	47	44,657	41	75	101
Wilkes-Barre - Scranton	1,296.5	0.5676	2.76	325,811	268,247	106,291	40	132,473	49	68	132
Wilmington	452.7	0.1981	2.91	153,426	146,984	72,364	49	61,565	42	103	99
Yakima	464.7	0.2033	2.78	204,802	174,450	57,010	33	106,624	61	100	84
Youngstown	659.0	0.2883	2.82	232,114	195,814	85,480	44	92,554	47	86	102
Zanesville	83.8	0.0367	2.80	24,024	19,000	8,169	43	8,965	47	70	125
Total ADIs	227,330.3	99.4894	2.79	86,455,481	76,926,426	29,816,301	39	38,611,839	50	100	100

Top 100 Restaurant Markets - 1980

By metro area

Metro Area Name	Sales ($000)	Ranking
Los Angeles - Long Beach	1,873,504	1
New York	1,823,258	2
Chicago	1,500,696	3
San Francisco - Oakland	988,113	4
Detroit	852,109	5
Boston - Lowell - Brockton - Lawrence - Haverhill	817,049	6
Philadelphia	747,064	7
Washington	633,912	8
Seattle - Everett	594,787	9
Anaheim - Santa Ana - Garden Grove	590,618	10
Houston	530,972	11
Dallas - Fort Worth	523,014	12
Minneapolis - St. Paul	495,467	13
Nassau - Suffolk	478,300	14
San Diego	419,536	15
Miami	387,548	16
St. Louis	381,352	17
Cleveland	376,176	18
Fort Lauderdale - Hollywood	366,048	19
Pittsburgh	357,139	20
Portland, Ore.	352,327	21
Denver - Boulder	337,801	22
Atlanta	326,125	23
Newark, N.J.	320,196	24
Milwaukee	316,978	25
Tampa - St. Petersburg	316,258	26
San Jose	308,998	27
Riverside - San Bernardino - Ontario	282,405	28
Baltimore	277,832	29
Cincinnati	265,128	30
Kansas City	261,169	31
Honolulu	256,503	32
Sacramento	250,119	33
Phoenix	249,614	34
Buffalo	249,475	35
Columbus, Ohio	214,467	36
New Orleans	188,823	37
Rochester, N.Y.	181,354	38
Hartford - New Britain - Bristol	172,029	[illegible]
West Palm Beach - Boca Raton	164,710	40
Albany - Schenectady - Troy	163,379	41
San Antonio	155,927	42
Indianapolis	155,502	43
Nashville-Davidson	153,830	44
Orlando	152,921	45
Bridgeport - Stamford - Norwalk - Danbury	149,934	46
Toledo	149,563	47
Grand Rapids	141,301	48
Providence - Warwick - Pawtucket	135,331	49
Dayton	135,069	50
Oklahoma City	134,570	51
Akron	133,949	52
Louisville	133,736	53
New Haven - West Haven - Waterbury - Meriden	130,721	54
Syracuse	124,563	55
Omaha	123,292	56
Santa Barbara - Santa Maria - Lompoc	115,829	57
Long Branch - Asbury Park	108,474	58
Gary - Hammond - East Chicago	107,501	59
Memphis	105,738	60
Austin	105,485	61
Norfolk - Virginia Beach - Portsmouth	104,627	62
Birmingham	103,768	63
Richmond	103,721	64
Greensboro - Winston-Salem - High Point	101,342	65
Jacksonville, Fla.	100,108	66
Las Vegas	96,581	67
Oxnard - Simi Valley - Ventura	96,266	68
Salt Lake City - Ogden	96,239	69
Portsmouth - Dover - Rochester	95,993	70
Fresno	92,075	71
Worcester - Fitchburg - Leominster	91,774	72
Allentown - Bethlehem - Easton	89,056	73
Springfield - Chicopee - Holyoke	88,718	74
Madison	88,601	75
Fort Wayne	88,457	76
Tacoma	87,940	77
Tulsa	87,158	78
Northeast Pennsylvania	86,586	79
Salinas - Seaside - Monterey	85,705	80
Charlotte - Gastonia	84,377	81
Wichita	83,148	82
Raleigh - Durham	82,315	83
Flint	81,732	84
Bakersfield	81,265	85
Sarasota	77,151	86
Harrisburg	76,903	87
Davenport - Rock Island - Moline	76,054	88
New Brunswick - Perth Amboy - Sayreville	75,770	89
Wilmington, Del.	75,727	90
Youngstown - Warren	75,448	91
Lansing - East Lansing	74,750	92
Paterson - Clifton - Passaic	74,737	93
New Bedford - Fall River	74,526	94
Canton	74,316	95
Newport News - Hampton	74,246	96
Spokane	73,228	97
Daytona Beach	71,397	98
Greenville - Spartanburg	71,232	99
Vallejo - Fairfield - Napa	70,919	100

By ADI

ADI Name	Sales ($000)	Ranking
New York	3,347,844	1
Los Angeles	2,696,865	2
Chicago	1,719,484	3
San Francisco	1,412,325	4
Boston	1,172,560	5
Philadelphia	1,140,562	6
Detroit	928,624	7
Seattle - Tacoma	866,765	8
Miami	775,146	9
Washington, D.C.	738,844	10
Cleveland	701,946	11
Minneapolis - St. Paul	635,807	12
Houston	595,443	13
Dallas - Ft. Worth	575,070	14
Portland, Ore.	546,866	15
Sacramento - Stockton	492,873	16
Denver	475,577	17
Pittsburgh	463,359	18
St. Louis	434,336	19
San Diego	419,536	20
Tampa - St. Petersburg	419,220	21
Milwaukee	408,201	22
Atlanta	401,403	23
Hartford - New Haven	357,201	24
Buffalo	321,575	25
Orlando - Daytona Beach	319,845	26
Baltimore	316,973	27
Kansas City	313,379	28
Cincinnati	312,467	29
Phoenix	305,607	30
Grand Rapids - Kalamazoo - Battle Creek	293,488	31
Indianapolis	286,837	32
Columbus, Ohio	273,239	33
Providence - New Bedford	246,789	34
Albany - Schenectady - Troy	243,910	35
New Orleans	226,197	36
Nashville	225,115	37
West Palm Beach	207,740	38
Flint - Saginaw - Bay City	205,102	39
Norfolk - Portsmouth - Newport News - Hampton	200,814	40
Toledo	199,008	41
Dayton	197,576	42
Oklahoma City	193,781	43
San Antonio	187,879	44
Harrisburg - York - Lancaster - Lebanon	184,695	45
Wichita - Hutchinson	182,339	46
Green Bay	181,581	47
Rochester, N.Y.	178,770	48
Louisville	178,515	49
Charlotte	178,168	50
Salt Lake City	173,622	51
Fresno	171,023	52
Omaha	169,545	53
Syracuse	169,462	54
Raleigh - Durham	168,021	55
Portland - Poland Spring	164,916	56
Santa Barbara - Santa Maria - San Luis Obispo	163,479	57
Des Moines	161,686	58
Cedar Rapids - Waterloo	155,762	59
Richmond	154,769	60
Palm Springs	152,794	61
Greenville - Spartanburg - Asheville	151,707	62
Springfield - Decatur - Champaign	150,069	63
Spokane	149,447	64
Davenport - Rock Island - Moline	147,039	65
Memphis	144,866	66
Albuquerque	141,413	67
Salinas - Monterey	137,658	68
Greensboro - Winston-Salem - High Point	132,744	69
Wilkes-Barre - Scranton	132,473	70
Tulsa	131,610	71
Birmingham	129,692	72
South Bend - Elkhart	128,218	73
Jacksonville	127,660	74
Madison	123,049	75
Lincoln - Hastings - Kearney	121,931	76
Charleston - Huntington	118,848	77
Fargo	117,324	78
Sioux Falls - Mitchell	115,947	79
Ft. Wayne	112,526	80
Mobile - Pensacola	111,115	81
Little Rock	109,197	82
Shreveport - Texarkana	108,190	83
Yakima	106,624	84
Austin, Tex.	106,272	85
Knoxville	106,027	86
Burlington - Plattsburgh	102,369	87
Peoria	101,112	88
Roanoke - Lynchburg	99,638	89
Las Vegas	98,967	90
Springfield, Mass.	98,689	91
Rockford	97,379	92
Paducah - Cape Girardeau - Harrisburg	96,530	93
Lansing	95,896	94
Eugene	95,425	95
Youngstown	92,554	96
Johnstown - Altoona	90,413	97
Springfield, Mo.	88,705	98
Lexington	85,947	99
La Crosse - Eau Claire	84,400	100

Top 100 Fast Food Markets-1980

By metro area

Metro Area Name	Sales ($000)	Ranking
Los Angeles - Long Beach	1,122,694	1
Chicago	1,040,410	2
New York	932,002	3
Detroit	640,105	4
Dallas - Fort Worth	602,124	5
Houston	596,471	6
Philadelphia	522,162	7
San Francisco - Oakland	516,926	8
Washington	510,729	9
Boston - Lowell - Brockton - Lawrence - Haverhill	439,225	10
Atlanta	420,877	11
St. Louis	400,540	12
Anaheim - Santa Ana - Garden Grove	359,046	13
Baltimore	325,592	14
Minneapolis - St. Paul	308,579	15
San Diego	296,786	16
Nassau - Suffolk	288,479	17
Seattle - Everett	285,296	18
Kansas City	283,527	19
Cleveland	268,246	20
Cincinnati	249,852	21
Riverside - San Bernardino - Ontario	237,058	22
Tampa - St. Petersburg	235,773	23
Pittsburgh	229,362	24
San Jose	220,881	25
Columbus, Ohio	218,436	26
Portland, Ore.	217,501	27
Indianapolis	208,246	28
Miami	207,593	29
Denver - Boulder	197,852	30
Milwaukee	188,049	31
Newark, N.J.	185,243	32
Oklahoma City	182,344	33
Louisville	180,866	34
Honolulu	176,745	35
Phoenix	174,465	36
Sacramento	169,163	37
Fort Lauderdale - Hollywood	166,851	38
New Orleans	163,133	39
Buffalo	162,040	40
San Antonio	155,482	41
Dayton	144,462	42
Norfolk - Virginia Beach - Portsmouth	144,393	43
Orlando	135,667	44
Hartford - New Britain - Bristol	135,463	45
Birmingham	124,535	46
Jacksonville, Fla.	123,423	47
Nashville-Davidson	123,352	48
Greensboro - Winston-Salem - High Point	121,621	49
Toledo	117,156	50
Richmond	114,974	51
Memphis	114,883	52
Wichita	111,285	53
Austin	109,806	54
Akron	109,015	55
Tulsa	106,093	56
Rochester, N.Y.	105,605	57
Gary - Hammond - East Chicago	104,891	58
Charlotte - Gastonia	104,450	59
Greenville - Spartanburg	98,582	60
New Haven - West Haven - Waterbury - Meriden	94,678	61
Albany - Schenectady - Troy	92,270	62
Omaha	91,503	63
Salt Lake City - Ogden	91,319	64
Raleigh - Durham	86,767	65
Allentown - Bethlehem - Easton	77,748	66
Fresno	74,955	67
New Brunswick - Perth Amboy - Sayreville	74,341	68
Providence - Warwick - Pawtucket	73,062	69
Youngstown - Warren	72,597	70
Syracuse	72,354	71
Oxnard - Simi Valley - Ventura	72,289	72
Grand Rapids	71,678	73
Lansing - East Lansing	71,448	74
Bridgeport - Stamford - Norwalk - Danbury	70,900	75
Harrisburg	69,910	76
Knoxville	69,281	77
Flint	68,856	78
West Palm Beach - Boca Raton	68,686	79
Beaumont - Port Arthur - Orange	67,576	80
Davenport - Rock Island - Moline	67,223	81
Lexington-Fayette	65,969	82
Columbia, S.C.	64,214	83
Baton Rouge	63,661	84
Wilmington, Del.	63,516	85
Des Moines	63,403	86
Peoria	63,328	87
Albuquerque	62,792	88
Madison	62,744	89
Northeast Pennsylvania	62,281	90
Little Rock - North Little Rock	62,079	91
Charleston - North Charleston, S.C.	61,855	92
New Bedford - Fall River	61,394	93
Fort Wayne	60,801	94
Canton	60,751	95
Long Branch - Asbury Park	59,618	96
Portsmouth - Dover - Rochester	59,304	97
Johnson City - Kingsport - Bristol	59,083	98
Las Vegas	58,911	99
Mobile	58,198	100

By ADI

ADI Name	Sales ($000)	Ranking
New York	1,823,588	1
Los Angeles	1,704,299	2
Chicago	1,241,406	3
San Francisco	803,830	4
Philadelphia	793,455	5
Detroit	695,393	6
Houston	670,224	7
Dallas - Ft. Worth	661,009	8
Boston	622,174	9
Washington, D.C.	615,527	10
Cleveland	548,632	11
Atlanta	544,571	12
St. Louis	450,771	13
Seattle - Tacoma	434,638	14
Miami	390,292	15
Minneapolis - St. Paul	375,84[illegible]	16
Baltimore	352,396	17
Indianapolis	344,771	18
Sacramento - Stockton	336,243	19
Kansas City	334,567	20
Portland, Ore.	329,739	21
Tampa - St. Petersburg	322,915	22
Pittsburgh	319,291	23
Cincinnati	318,826	24
San Diego	296,786	25
Columbus, Ohio	272,112	26
Denver	267,121	27
Hartford - New Haven	264,014	28
Orlando - Daytona Beach	253,679	29
Oklahoma City	249,809	30
Louisville	233,083	31
Milwaukee	232,427	32
Norfolk - Portsmouth - Newport News - Hampton	228,960	33
Charlotte	220,693	34
New Orleans	211,772	35
Wichita - Hutchinson	209,480	36
Phoenix	204,033	37
Buffalo	203,478	38
Dayton	202,106	39
Nashville	201,108	40
Greenville - Spartanburg - Asheville	196,865	41
Raleigh - Durham	194,785	42
San Antonio	193,695	43
Grand Rapids - Kalamazoo - Battle Creek	180,944	44
Richmond	174,831	45
Birmingham	163,247	46
Memphis	162,444	47
Toledo	161,249	48
Greensboro - Winston-Salem - High Point	160,967	49
Harrisburg - York - Lancaster - Lebanon	158,513	50
Jacksonville	157,065	51
Tulsa	155,915	52
Providence - New Bedford	154,645	53
Flint - Saginaw - Bay City	153,389	54
Charleston - Huntington	144,595	55
Albany - Schenectady - Troy	139,469	56
Salt Lake City	139,395	57
Mobile - Pensacola	137,731	58
Little Rock	137,066	59
Des Moines	132,908	60
Shreveport - Texarkana	130,017	61
Davenport - Rock Island - Moline	128,726	62
Knoxville	128,565	63
Springfield - Decatur - Champaign	126,548	64
Omaha	124,452	65
Fresno	121,187	66
Lexington	117,357	67
Cedar Rapids - Waterloo	116,667	68
Albuquerque	116,201	69
Roanoke - Lynchburg	113,051	70
Portland - Poland Spring	110,846	71
Austin, Tex.	109,229	72
Wilkes-Barre - Scranton	106,291	73
Rochester, N.Y.	104,037	74
South Bend - Elkhart	103,113	75
West Palm Beach	100,364	76
Paducah - Cape Girardeau - Harrisburg	97,830	77
Syracuse	97,530	78
Green Bay	96,820	79
Spokane	96,296	80
Peoria	94,994	81
Springfield, Mo.	92,251	82
Palm Springs	90,797	83
Columbia, S.C.	90,528	84
Chattanooga	88,524	85
Evansville	87,636	86
Jackson, Miss.	87,464	87
Lincoln - Hastings - Kearney	86,388	88
Lansing	85,616	89
Youngstown	85,480	90
Bristol - Kingsport - Johnson City	85,360	91
Ft. Wayne	83,843	92
Amarillo	82,147	93
Waco - Temple	80,173	94
Johnstown - Altoona	78,547	95
Baton Rouge	78,342	96
Madison	78,254	97
Huntsville - Decatur - Florence	77,850	98
Santa Barbara - Santa Maria - San Luis Obispo	76,786	99
Savannah	76,201	100

Top 100 RAI Markets-1980

By metre area

Metro Area Name	RAI	Ranking
Ann Arbor	226	1
Honolulu	211	2
Bellingham	191	3
Grand Rapids	188	4
Bryan - College Station	184	5
Madison	175	6
Columbia, Mo	173	7
La Crosse	172	8
Wichita	170	9
Fargo - Moorhead	165	10
Sioux Falls	165	10
Portland, Ore	163	12
Champaign - Urbana - Rantoul	162	13
Santa Barbara - Santa Maria - Lompoc	162	13
Panama City	158	15
Lincoln	153	16
Seattle - Everett	152	17
Salem	151	18
Lafayette - West Lafayette	150	19
Fort Wayne	148	20
Eau Claire	147	21
Dallas - Fort Worth	146	22
Kansas City	146	22
Battle Creek	143	24
Grand Forks	141	25
St. Cloud	141	25
Kalamazoo - Portage	140	27
Springfield, Mo.	140	27
Iowa City	139	29
Jackson, Mich	137	30
Minneapolis - St. Paul	137	30
Chicago	136	32
Omaha	136	32
Jacksonville, N.C	135	34
Kankakee	135	34
Salinas - Seaside - Monterey	135	34
Daytona Beach	134	37
Rochester, Minn.	134	37
Saginaw	134	37
South Bend	134	37
Bloomington - Normal	133	41
Anchorage	132	42
Columbus, Ohio	131	43
Lawrence, Kans	131	43
Sarasota	131	43
Anaheim - Santa Ana - Garden Grove	129	46
Austin	129	46
Bloomington, Ind	129	46
Davenport - Rock Island - Moline	129	46
Lansing - East Lansing	129	46
San Francisco - Oakland	128	51
Burlington, Vt.	127	52
Amarillo	125	53
Fort Lauderdale - Hollywood	125	53
Evansville	124	55
Newport News - Hampton	124	55
San Diego	124	55
Fort Walton Beach	123	58
Atlanta	122	59
Boston - Lowell - Brockton - Lawrence - Haverhill	122	59
Cedar Rapids	122	59
Duhuque	122	59
Gainesville	122	59
Bismarck	121	64
Washington	121	64
Kokomo	119	66
Muncie	119	66
Muskegon - Norton Shores - Muskegon Heights	119	66
Indianapolis	113	69
Los Angeles - Long Beach	118	69
Lubbock	118	69
Atlantic City	117	72
Rockford	117	72
San Jose	117	72
Elkhart	116	75
Oklahoma City	116	75
Spokane	116	75
Dayton	115	78
Green Bay	115	78
Joplin	115	78
Reno	115	78
Topeka	115	78
Boise	114	83
Enid	114	83
Montgomery	114	83
New York	114	83
Odessa	114	83
Terre Haute	114	83
Eugene - Springfield	113	89
Athens	112	90
Cincinnati	112	90
Hartford - New Britain - Bristol	112	90
Peoria	112	90
Albuquerque	111	94
Des Moines	111	94
Melbourne - Titusville - Cocoa	111	94
Tacoma	111	94
Anderson, Ind	110	98
Miami	110	98
Milwaukee	110	98
Paterson - Clifton - Passaic	110	98
St. Joseph	110	98
St. Louis	110	98
Toledo	110	98
Waterloo - Cedar Falls	110	98

By ADI

ADI Name	RAI	Ranking
Lafayette, Ind	150	1
Santa Barbara - Santa Maria - San Luis Obispo	150	1
Portland, Ore	147	3
Madison	146	4
Grand Rapids - Kalamazoo - Battle Creek	140	5
Lansing	137	6
Seattle - Tacoma	135	7
Chicago	131	8
Kansas City	131	8
Sarasota	131	8
Dallas - Ft. Worth	129	11
Minneapolis - St. Paul	129	11
North Platte	125	13
Topeka	125	13
Fargo	124	15
Ft. Wayne	124	15
San Diego	124	15
Wichita - Hutchinson	124	15
La Crosse - Eau Claire	123	19
Lima	123	19
Lincoln - Hastings - Kearney	121	21
San Francisco	120	22
Columbus, Ohio	119	23
Anchorage	118	24
Los Angeles	118	24
Omaha	118	24
Salinas - Monterey	118	24
Austin, Tex	117	28
Miami	117	28
Rapid City	115	30
Boston	114	31
Davenport - Rock Island - Moline	114	31
Sioux Falls - Mitchell	114	31
Cedar Rapids - Waterloo	113	34
Detroit	113	34
Indianapolis	112	36
Washington, D.C	112	36
Columbia - Jefferson City	110	38
Peoria	110	38
Rochester - Mason City - Austin	110	38
South Bend - Elkhart	110	38
Eugene	109	42
Reno	109	42
Springfield - Decatur - Champaign	109	42
Atlanta	106	45
Dayton	106	45
Gainesville	106	45
Hartford - New Haven	106	45
Milwaukee	106	45
Palm Springs	106	45
Green Bay	105	51
St. Louis	105	51
Toledo	105	51
Waco - Temple	105	51
Mankato	104	55
Rockford	104	55
Houston	103	57
Joplin - Pittsburg	103	57
Orlando - Daytona Beach	103	57
Wilmington	103	57
Alexandria, Minn	102	61
Norfolk - Portsmouth - Newport News - Hampton	101	62
Sacramento - Stockton	101	62
Cincinnati	100	64
Denver	100	64
Erie	100	64
Oklahoma City	100	64
St. Joseph	100	64
Yakima	100	64
Des Moines	99	70
Flint - Saginaw - Bay City	99	70
New York	99	70
Traverse City - Cadillac	99	70
Tuscaloosa	99	70
Victoria	99	70
Cleveland	98	76
Philadelphia	98	76
Biloxi - Gulfport - Pascagoula	97	78
Sioux City	97	78
Providence - New Bedford	96	80
Amarillo	95	81
Duluth - Superior	95	81
El Paso	95	81
Springfield, Mo	95	81
Twin Falls	95	81
Bend	94	86
Las Vegas	94	86
Minot - Bismarck - Dickinson	94	86
Albuquerque	93	89
Portland - Poland Spring	93	89
San Antonio	93	89
Greensboro - Winston-Salem - High Point	92	92
Lubbock	92	92
Rochester, N.Y	92	92
San Angelo	92	92
Burlington - Plattsburgh	91	96
Cheyenne	91	96
Buffalo	90	98
Ft. Smith	90	98
Louisville	90	98
Medford	90	98
Odessa - Midland	90	98
Salisbury	90	98

Top 100 RGI Markets-1980

By metro area

Metro Area Name	RGI	Ranking
Las Vegas	542	1
Reno	285	2
Atlantic City	202	3
Provo - Orem	191	4
Williamsport	156	5
Jersey City	155	6
Salt Lake City - Ogden	154	7
Johnstown	149	8
Alexandria, La	148	9
Pascagoula - Moss Point	141	10
Rochester, Minn	141	10
Trenton	138	12
Florence, S.C	137	13
Steubenville - Weirton	135	14
Pittsfield	132	15
Wausau	132	15
Colorado Springs	131	17
Tucson	131	17
Great Falls	130	19
Erie	126	20
Lorain - Elyria	126	20
Memphis	126	20
Baton Rouge	125	23
Pueblo	125	23
New York	124	25
Knoxville	123	26
Northeast Pennsylvania	123	26
Sheboygan	123	26
Greeley	122	29
Monroe	122	29
Casper	121	31
New Orleans	121	31
Providence - Warwick - Pawtucket	121	31
Little Rock - North Little Rock	120	34
Newark, N.J.	118	35
Philadelphia	118	35
Pittsburgh	118	35
Billings	117	38
Danville, Va.	117	38
Huntington - Ashland	117	38
Pine Bluff	117	38
Springfield, Ohio	116	42
Chattanooga	115	43
Kenosha	115	43
Hagerstown	114	45
Lancaster	114	45
Wilmington, Del.	114	45
Bridgeport - Stamford - Norwalk - Danbury	113	48
Lynchburg	113	48
Worcester - Fitchburg - Leominster	113	48
Elmira	112	51
Hartford - New Britain - Bristol	112	51
New London - Norwich	112	51
Phoenix	112	51
Springfield, Ill.	112	51
Bangor	111	56
Shreveport	111	56
Springfield - Chicopee - Holyoke	111	56
Miami	110	59
Midland	110	59
Mobile	110	59
Orlando	110	59
Sharon	110	59
Albany, Ga.	109	64
Harrisburg	109	64
Redding	109	64
Salisbury - Concord	109	64
York	109	64
Albuquerque	108	69
Charlotte - Gastonia	108	69
Jackson, Mich.	108	69
New Brunswick - Perth Amboy - Sayreville	108	69
Anderson, S.C.	107	73
Asheville	107	73
Denver - Boulder	107	73
Duluth - Superior	107	73
Las Cruces	107	73
Tulsa	107	73
Vineland - Millville - Bridgeton	107	73
Decatur	106	80
Jacksonville, Fla.	106	80
Petersburg - Colonial Heights - Hopewell	106	80
Portland, Me.	106	80
Racine	106	80
Visalia - Tulare - Porterville	106	80
Birmingham	105	86
Burlington, Vt.	105	86
Des Moines	105	86
New Haven - West Haven - Waterbury - Meriden	105	86
Sherman - Denison	105	86
Washington	105	86
Biloxi - Gulfport	104	92
Appleton - Oshkosh	103	93
Burlington, N.C.	103	93
Corpus Christi	103	93
Nashville-Davidson	103	93
Newark, Ohio	103	93
Parkersburg - Marietta	103	93
Sioux City	103	93
Charleston, W.Va.	102	100
Columbia, S.C.	102	100
Lake Charles	102	100
Minneapolis - St. Paul	102	100
Reading	102	100

By ADI

ADI Name	RGI	Ranking
Las Vegas	534	1
Reno	352	2
Alexandria, La	166	3
Salt Lake City	155	4
Monroe - El Dorado	153	5
Selma	147	6
Bluefield - Beckley - Oak Hill	146	7
Great Falls	145	8
Idaho Falls - Pocatello	145	8
Florence, S.C	144	10
Greenwood - Greenville	141	11
Twin Falls	139	12
Tucson	136	13
Casper - Riverton	133	14
Memphis	133	14
Miles City - Glendive	132	16
Wilkes-Barre - Scranton	132	16
Billing - Hardin	130	18
Roswell	130	18
Colorado Springs - Pueblo	129	20
Erie	129	20
Columbus - Tupelo	127	22
Albany, Ga.	126	23
Baton Rouge	126	23
Missoula - Butte	126	23
Presque Isle	125	26
Zanesville	125	26
Farmington	123	28
Little Rock	123	28
Charleston - Huntington	122	30
Clarksburg - Weston	122	30
Helena	122	30
Lafayette, La	122	30
Quincy - Hannibal	122	30
Cheyenne	121	35
Harrisonburg	121	35
Pittsburgh	121	35
Jackson, Miss.	120	38
Ottumwa - Kirksville	120	38
Minot - Bismarck - Dickinson	119	40
Burlington - Plattsburgh	118	41
Knoxville	118	41
Rochester - Mason City - Austin	118	41
Johnstown - Altoona	117	44
Jonesboro	117	44
Philadelphia	117	44
Meridian	116	47
Ardmore - Ada	115	48
Chattanooga	115	48
New Orleans	115	48
New York	115	48
Wausau - Rhinelander	115	48
Montgomery	114	53
Bristol - Kingsport - Johnson City	113	54
Dothan	113	54
Elmira	113	54
Harrisburg - York - Lancaster - Lebanon	113	54
Lake Charles	112	58
Phoenix	112	58
Savannah	112	58
Terre Haute	112	58
Hartford - New Haven	111	62
Huntsville - Decatur - Florence	111	62
Nashville	111	62
Roanoke - Lynchburg	111	62
Shreveport - Texarkana	111	62
Springfield, Mass.	111	62
Birmingham	110	68
Evansville	110	68
Bangor	109	70
Columbia, S.C	109	70
Duluth - Superior	109	70
Albuquerque	108	73
Augusta	108	73
Binghamton	108	73
Charlotte	108	73
Jackson, Tenn.	108	73
Jacksonville	108	73
Wheeling - Steubenville	108	73
Mobile - Pensacola	107	80
Raleigh - Durham	107	80
Denver	106	82
Watertown - Carthage	106	82
Greenville - Spartanburg - Asheville	105	84
Washington, D.C.	105	84
Macon	104	86
Parkersburg	104	86
Providence - New Bedford	104	86
Tyler	104	86
Abilene - Sweetwater	103	90
Columbus, Ga.	103	90
Des Moines	103	90
Paducah - Cape Girardeau - Harrisburg	103	90
Spokane	103	90
Tulsa	103	90
Greensboro - Winston-Salem - High Point	102	96
Minneapolis - St. Paul	102	96
Youngstown	102	96
Alexandria, Minn.	101	99
Omaha	101	99
Richmond	101	99
Sioux City	101	99
Wichita Falls - Lawton	101	99

Restaurant Business

OCTOBER 1

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BURGER
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Special

Page 97

Holiday treats
Page 177

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Restaurant Business

OCTOBER 1, 1981

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Contents

COVER STORY

Burger King: Making It Special—An in-depth report on the changes planned by the second largest restaurant chain in the world which some predict could dramatically alter the make-up of the fast food industry **97**

Burger King execs. (l-r): Campbell, Moral, Neeb and Ruenheck.

MENU IDEAS

Adding creative flair to holiday fare—Food editor Kathleen Kenny offers several innovative ways to make traditional holiday dishes extra special treats **177**

FEATURES

Television Advertising: Shift towards local spending—This article lists the Top 15 national and local restaurant advertisers . **58**

Stephenson's: A polished apple restaurant—This multi-million dollar independent located outside Kansas City has been a destination point since 1946 . . . . **70**

Chick-fil-A: As originators of the breast of chicken sandwich in 1962, the chain now has 205 units generating over $110 million **88**

Loyola University devises a "flex" boarding plan—A computerized system that offers students variety **123**

The surviving elite of Atlanta's restaurant revolution—A market analysis of the changes that have occurred in the "Hub of the South" **138**

Gasho: A Japanese steakhouse with family tradition—With his own distinctive style, Shiro Aoki has opened four units generating $5.5 million **148**

Johnson & Wales College—Four students give their candid views on foodservice education . **158**

DEPARTMENTS

Sanitation Tips **2**

RB Insights **12**

Editorial—A drawing card for cities **18**

Foodservice Calendar **20**

Up Front **22**

Menu Planners Guide **38**

Washington Monitor—Uniform maintenance rule changes **52**

Trade Quotes **54**

Tax Bite—Reagan's thunderbolt tax cut **62**

Operations Management—Rating your supervisors **114**

Management Psychology **120**

Marketing—The power of promotion **122**

Worth Writing For **128**

Buyer's Circle **164**

Drafts, Carafes & Spirits—Heads-up ways to promote beer **171**

Bar Management Guide **174**

Design Marketplace **185**

Raising Your Equipment I.Q.—The magnificent mixing machines **186**

Letters to the Editor **210**

Wine Seller **212**

Sanitation—Straw Hat's 'great awards' program **214**

Personal Finance—Alternative mortgages **218**

Classified **220**

Management—Women and the dilemma of relocation **222**

Cover photo by David Dietrich/ Pelham and Friends

◄ Circle No. 9

Television Advertising

Shift towards local spending

Among all advertisers in the food category, restaurants ranked third in total national TV expenditures in 1980, spending $420 million.

Restaurants outspent by a wide margin all other retail businesses, including food stores and supermarkets, on local television advertising in 1980.

Fast food and restaurant advertisers spent $287.9 million on local TV last year, compared to $148.7 million spent by food stores and supermarkets, $140.9 million by banks and savings & loan associations, $131.2 million by department stores, and $111.4 million by furniture stores, according to the Television Bureau of Advertising (TvB) based on Broadcast Advertisers Reports (BAR) figures.

Among all advertisers in the food category, restaurants ranked third in total national TV—including local (or spot) and network—expenditures in 1980—spending $420.0 million. Grocery foods advertisers continue to be the top spenders in the food category, shelling out $1.4 billion on TV commercials, followed by candy and soft drink advertisers which as a group spent $493.3 million in 1980. In fourth place in the food category were beer and wine advertisers which as a group spent $398.4 million on TV last year.

Total TV expenditures by restaurants increased only slightly—up 3.4 percent—in 1980 over 1979 levels. While restaurants increased their local TV budgets by 9.3 percent in 1980 over 1979, they reduced their network budgets by 7.4 percent to $132 million in 1980 versus $142.7 million in 1979.

Among the top 15 TV advertisers within the restaurant industry, McDonald's continues its dollar dominance—outspending its closest competitor, Burger King, by a three

continued on page 60

Top 15 Television Advertisers 1980 vs. 1979

	1980			1979		
	Network	Local	Total	Network	Local	Total
1. McDonald's	$53,588,300	$66,612,900	$120,201,200	$62,456,300	$63,836,100	$126,292,400
2. Burger King	25,273,200	26,421,400	41,694,600	21,403,200	19,036,700	40,439,900
3. KFC	16,771,600	11,969,000	28,740,600	17,233,700	12,181,100	29,414,800
4. Wendy's	9,036,400	16,301,900	19,338,300	8,866,200	9,113,600	17,979,800
5. Pizza Hut	12,080,400	5,295,400	17,375,800	10,363,800	3,003,300	13,367,100
6. Red Lobster Inns	—	16,319,600	16,319,600	177,800	11,090,600	11,268,400
7. Long John Silver's	—	15,127,700	15,127,700	1,876,000	8,990,800	10,866,800
8. Arby's Drive-In	3,997,300	7,944,200	11,941,500	3,423,500	8,036,300	11,459,800
9. Denny's	4,432,100	4,376,000	8,808,100	—	3,432,300	3,432,300
10. Jack-In-The Box	—	8,326,300	8,326,300	—	6,447,300	6,447,300
11. Hardee's	491,800	7,685,800	8,177,600	—	5,828,000	5,828,000
12. Taco Bell	—	8,035,300	8,035,300	—	6,373,200	6,373,200
13. Ponderosa	2,002,700	4,448,600	6,451,300	3,677,300	—	3,677,300
14. Sizzler	—	6,416,000	6,416,000	—	6,671,700	6,671,700
15. Dairy Queen	—	6,127,800	6,127,800	—	4,570,600	4,570,000
Total	$127,673,800	$195,407,900	$323,081,700	$129,477,800	$165,209,300	$294,687,100

Note: In announcing the data for 1980, and restating the data for 1979, TvB stressed that national spot and local television investments have been adjusted by BAR to closely approximate the level of FCC local dollars in the 75 monitored BAR markets. They are not comparable to previously published data.

Source: Broadcast Advertisers Reports (BAR) data compiled by the Television Bureau of Advertising (TvB).

McDonald's continues its dollar dominance by outspending its closest competitor, Burger King.

Top 15 Local TV Advertisers 1980 vs. 1979

	1979	1980	% Chg.
1. McDonald's	$63,836,100	$66,612,900	+ 4
2. Burger King	19,036,700	16,421,400	−14
3. Red Lobster Inns	11,090,600	16,319,600	+47
4. Long John Silver's	8,990,800	15,127,700	+68
5. Kentucky Fried Chicken	12,181,100	11,969,000	− 2
6. Wendy's	9,113,600	10,301,900	+13
7. Jack-in-the-Box	6,477,300	8,326,300	+29
8. Taco Bell	6,373,200	8,035,300	+26
9. Arby's Drive-In	8,036,300	7,944,200	− 1
10. Hardee's	5,828,000	7,685,800	+32
11. Sizzler Steak House	6,671,700	6,416,000	− 4
12. Dairy Queen	4,570,600	6,127,800	+34
13. Pizza Hut	3,003,300	5,295,400	+76
14. Burger Chef	4,606,400	4,968,700	+ 8
15. Arthur Treacher's	6,425,200	4,467,400	−30
TOTAL TOP 15	$176,240,900	$196,019,400	+11

Note: These local television figures have been adjusted by BAR to closely approximate the level of FCC local dollars in the 75 monitored BAR markets. They are not comparable to previously published data.

Source: Broadcast Advertisers Reports (BAR) data compiled by the Television Burea of Advertising (TvB).

to one margin. In 1980 McDonald's spent $120.2 million on TV advertising, while Burger King spent $41.7 million, according to TvB.

As are a number of other chains, McDonald's is shifting its emphasis from network to local TV. Its network spending dropped 14.2 percent to $53.6 million in 1980, while local TV spending increased 4.3 percent to $66.6 million last year.

Both Red Lobster and Long John Silver's dropped network advertising altogether in 1980, while dramatically increasing their local TV expenditures—Red Lobster by 47 percent and Long John Silver's by 68 percent.

Denny's—making its first appearance on the chart of the top 15 TV restaurant advertisers—posted the biggest increase in TV expenditures last year. Its TV budget swelled 164 percent to $8.8 million (versus $3.3 million in 1979) and benefited from its $4.4 million debut on network plus a 31 percent increase in local TV advertising. □

MTG-A

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Gas operated

Wolf's Master Thermo Griddle beats the chill factor

Wolf's heavy duty, gas operated Master Thermo Griddle is designed to cook frozen food, especially for mass production in Fast Food operations. The Master Thermo Griddle gives you maximum production in minimum time. This unit is available in widths from 36" to 72". Contact your Wolf dealer today for complete details about how to beat the chill factor!

- 1" thick highly polished steel griddle plate.
- Uniform distribution of heat.
- Supersensitive thermostat every 12".
- Stainless steel front and ends with stainless steel back splash and sides.
- Large capacity grease drawer on one or both sides.

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